FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Backing for TV in House by Foot

Mr. Michael Foot, Leader of the Commons, last night backed calls for the televising of Parliament—only eight weeks after radio broadcasting began.

The Conservative MP Mr. John Farr raised the subject by attempting to introduce a Bill under the 10-minute rule but there was insufficient time.

However, Mr. Foot said later that he would support the Bill when it was brought forward again and added: "The House of Commons will have to move in that direction."

Owners 'let tankers sink'

A Commons committee examining collision prevention was told by an insurance witness that ships were sometimes allowed to sink for insurance reasons. Mr. Richard Rutherford, of Lloyd's, also said that human error was the most common cause of tanker disasters. Page 12

Arafat challenge

Five Palestinian guerrilla organisations have issued a powerful challenge to Yasser Arafat by demanding a change in the leadership of the Palestine Liberation Organisation. The groups indirectly accuse Arafat of autocratic rule. Page 4

Abortion appeal

Mr. Bill Paton, whose wife yesterday won her right to have an abortion against his wishes, is to appeal. The court ruled Mr. Paton had no rights in the matter but he said after the hearing: "I am determined to carry this appeal to the very highest courts if necessary.

Hooligan jailed

The Police Federation has welcomed the three-year jail sentence imposed on a London football hooligan at the Old Bailey. West Ham follower Carroll Pennant, 19, had been involved in an affray after which Mr. Paul Cronin had suffered a speech impediment and lost his memory.

Israel relents

Israel has abandoned its attempts to take over the land and property of emigrants from the occupied West Bank following an outcry. The Government was accused of trying to grab property in order to prevent development. Page 3

Paper seized

Police seized the latest issue of Egypt's Left-wing weekly The People for the second week running following Sunday's 98 per cent referendum vote supporting the Sadat Government's curbs on extremists. The People was said to contain "sensational and hostile" articles.

Schmidt attacked

The Soviet Embassy in East Berlin has attacked West German Chancellor Helmut Schmidt for joining the Queen on her visit to West Berlin. The embassy says Herr Schmidt "violated agreements" by going to the city.

Briefly . . .

Princess Margaret's marriage to Lord Snowdon ended at the Law Courts, London, in a hearing lasting 1 min, 53 sec.

British Rail cancelled several cross-Channel Sealink ferries because of a 24-hour strike by French merchant seamen.

A skin said to be that of the Abominable Snowman will be auctioned at Christie's next month.

Ten people died in Eastern Thailand when they were ambushed by Cambodian troops, border police claimed.

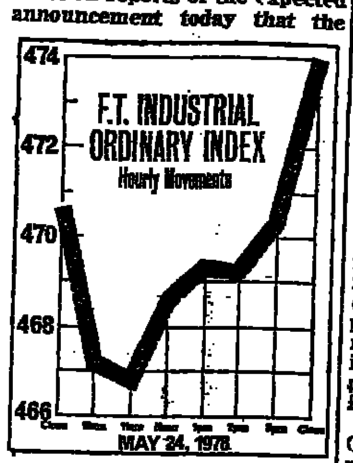
Hooded man fought a gun battle with police in Moscow after seizing two hostages at the Finnish airline offices. Page 2

Belgian air force pilot was killed when his Mirage fighter crashed near Pondrome.

BUSINESS

IMF boost for equities

● EQUITIES received a late boost on reports of the expected announcement today that the UK will continue its IMF standby credit (Back Page). The FT ordinary share index closed 3.4 up at 474.0.



● GILTS were subdued, and the Government Securities index closed 0.03 up at 70.42.

● STERLING rose 20 points to \$1.8125. Its trade-weighted index remaining at 61.6. The dollar's depreciation widened to 4.74 per cent (4.71).

● GOLD eased \$1 to \$180¼.

● WALL STREET was 11.26 down at 834.03 just before the close.

● WEALTH redistribution measures have failed to narrow the gap between rich and poor, accordin gto the latest report of the Royal Commission on the Distribution of Income and Wealth. Back and Page 9

RTZ plans joint ventures

● RTZ is to co-operate in joint ventures with the large oil companies, which have the experience and cash to undertake expensive mining, the chairman, Sir Mark Turner has told shareholders. Back Page

● SWAN HUNTER has been awarded a limited pre-production planning contract for the third of the Navy's new anti-submarine cruisers. If awarded, the full contract the £130m ship would provide 3,000 jobs for six years. Page 6. Meanwhile, the president of the Geenral Council of British Shipping has warned that unless world Governments stop subsidising shipbuilding, private enterprise shipping would die from over-capacity. Back Page and Editorial comment Page 22

COMPANIES

● NATIONAL BUS made a record surplus of £9.6m (£5.8m) in 1977 but the State-owned company warns that more public finance will be needed if services are to be maintained. Page 8

● BOC pre-tax profit for the half year to March 31 fell from £36.5m to £26.2m because of European trade difficulties and the aftermath of the UK gas division strike. Page 25 and Lex

● AVON RUBBER pretax profit for the six months to April 1 slipped from £2.5m to £2.38m in spite of a £2.65m increase in turnover to £56.97m. Page 27

● ALBRIGHT AND WILSON is to try to negotiate a higher bid price than the 165p a share Tenneco has offered for the 50.2 per cent. it does not already own. Back Page

● BRITISH HOME STORES has disclosed details of a major overhaul of its food business partly reflecting the impact of the food price-war on the company. In contrast, Marks and Spencer reports that its food sales are very buoyant at the moment and that it has not had to reduce its margins on groceries. Page 25

● MEPC has maintained its recovery in taxable earnings to levels before 1975 with an advance from £3.97m to £4.4m in the half-year to March 31, helped by rent increases and by letting vacant premises in the UK and abroad. Page 25

Government backs coal search for oil substitute with £20m

BY JOHN LLOYD

The Government is to invest £20m in a £43m programme to achieve the substitution of coal-derived fuels for naatural oil and gas by the end of the century.

The programme will run for eight years. The Government's investment of £20m. is over the five-year period covered by the public expenditure survey. A further £12m. will be invested in this period by the National Coal Board and the British Gas Corporation.

The programme is recommended in a report by the coal industry tripartite working party on research and development, published yesterday. The report recommends three schemes for immediate support and further projects costing an estimated £78m.

Announcing the level of Government support in Parliament yesterday, Mr. Alex Eadie, a junior Energy Minister, said that the Government would consider further financial support beyond the five-year period as required.

The three projects which will begin immediately are research into liquid solvent extraction, or the production of petrol from coal, costing £1bn; supercritical gas-solvent extraction, or the production of chemical feedstocks from coal, costing £15m; and the fixed-bed composite gasifier, or the production of substitute natural gas from coal, costing £12m.

The assumption behind the research is that oil and natural gas will be in increasingly short supply by the 1990s and some substitute for them must be developed now. Mr. Eadie said that it was estimated that coal-produced petrol would be economical once oil had doubled its current price.

At present, the price of a gallon of crude oil on delivery to the refinery is 30p. A gallon of coal-produced crude would cost 50p. The cost to the motorist would be about £1 a gallon on present tax assumptions.

The cost of winning oil and gas from coal Page 22
Call for international energy institution Page 6
World Bank report Page 4

Mr. Eadie added that Government backing for the report meant that "King Coal was back in its rightful place again." The UK's most important energy asset was its 300 years of coal reserves. Steps taken now would create jobs at the end of this century and the beginning of next.

The need for oil from coal, and substitute natural gas, would mean that the country would require all the coal it could get. The figure of 170m tonnes annual production by the end of the century, the target to which the Coal Board is working, might have to be exceeded. About 80m tonnes of coal would be needed to produce enough petrol to substitute for present supplies.

Among the longer-term projects, the report recommends sympathetic consideration for a substantial measure of financial support to a fluidised bed combustion plant to generate electricity. The project, which would be jointly developed by the Coal Board and Babcock and Wilcox, would cost about £50m.

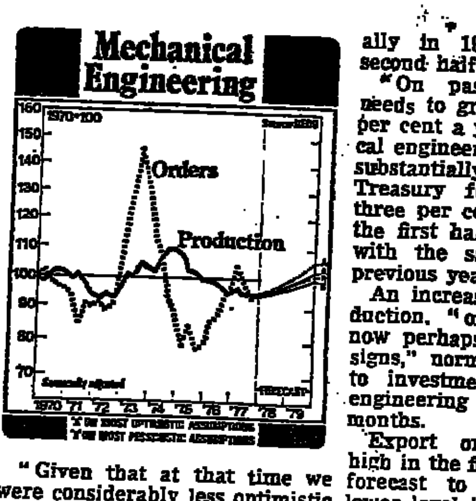
Fluidised bed combustion involves burning crushed coal in a bed of its own ash. Its advantages over present coal-fired power station technology are a lower capital cost for boilers, reduced sulphur dioxide pollution and the ability to burn lower grades of coal. An early version of the technology has been developed by Babcock and Wilcox.

Other projects in which investment is recommended include pyrolisis, or extracting liquids and gases from coal under heat; underground gasification, liquefaction and combustion of coal; and high efficiency electricity generation using gasified coal.

UK mechanical engineers 'face slow growth period'

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE U.K. mechanical engineering industry can expect only a marginal increase in demand from both home and overseas—and a very slow growth in output during the rest of this year and in 1979—a National Economic Development Office report says today.



There will be virtually no further increase in employment in the industry through 1978 and 1979, according to the mechanical engineering Little Neddy.

It warns that imports will continue to increase their share of the U.K. market—a record 30 per cent in the third quarter of last year—which is "a trend of 30 years' standing likely to be reinforced by reduced U.K. price competitiveness in 1978 and 1979."

The Little Neddy short-term trends working party points out it was looking for a 20 per cent increase in new orders for the industry in 1977 compared with the previous year. In the event the rise was one of only 7 per cent.

"Given that at that time we were considerably less optimistic than most other forecasters about the prospects for investment in the U.K., this is a measure of the extent of the failure to achieve hoped-for economic growth in 1977."

The report suggests home orders will increase only gradually in 1978, mainly in the second half of the year.

"On past experience GDP needs to grow at more than 2.5 per cent a year before mechanical engineering output increases substantially," it adds (Current Treasury forecasts are for a three per cent GDP increase in the first half of 1979 compared with the same period of the previous year.)

An increase in industrial production, "of which there are now perhaps the first tentative signs," normally works through to investment and mechanical engineering after about nine months.

Export orders, which were high in the first half of 1977, are forecast to be at a slightly lower level in 1978—"given the prospects for growth of world trade and UK price competitiveness."

Mechanical Engineering Industry EDC Short-Term Trends. Free from Neddy Books, 1 Steel House, 11 Tothill Street, London SW1 9LJ.

Zaire facing exchange crisis

BY MARK WEBSTER

KINSHASA, May 24.

ZAIRE is likely to run out of foreign currency reserves in a matter of weeks if a \$220m loan being negotiated before the invasion of Shaba province does not go through, according to Western economists here.

The loan is being negotiated with a consortium of Western banks, headed by Citibank of the U.S., and was designed to restore a measure of international confidence in Zaire's creditworthiness.

But because of the fighting the country has lost its major foreign currency earner—Shaba's copper output, which accounts for 60 per cent of export earnings.

It now looks increasingly unlikely that Zaire will be able to meet currently outstanding debt repayments to the commercial banks on interests and capital. These amount to around \$175m and repayment has been a principal condition for the new consortium loan.

According to bankers in the Zaire capital, the country has paid about \$85m into a special account with the Bank for International Settlements in Basle to fulfil the loan conditions but little has been added to the account since last November.

The extent of the international banking community's confidence in Zaire will undoubtedly be dictated by the view of the International Monetary Fund of the economy.

An IMF team was in Zaire until recently and, according to diplomats, left dissatisfied with the information provided by the Government.

Economists here believe the IMF can be expected to advise tighter control on Government spending and, possibly, a devaluation of the currency.

The IMF—which, when it last looked at the Zaire economy recommended a series of draconian measures—is now likely to take an even stricter view, given that the Kolwezi mining complex will probably be out of action for several weeks, if not months.

With most of the country's manufacturing industry running

Continued on Back Page
Editorial comment Page 22

Postmen reject Sunday collection

By Philip Bassett, Labour Staff

POST OFFICE plans for the reintroduction of Sunday mail collection were decisiveley rejected yesterday by the Union of Post Office Workers. This almost certainly means an end to the plan, since restoration of the service, which involved voluntary overtime working, depended on union approval.

The overwhelming rejection of the proposals by the union's postal workers section, against the recommendation of its executive, means members' hopes of a reduction in Saturday deliveries to obtain a shorter working week, are not likely to be achieved.

The 1,000 postal workers' section delegates at the union's annual conference in Blackpool, voted by a margin of 50 to 1 to reject the proposal.

Sir William Barlow, chairman of the Post Office, has given the restoration of Sunday collection top priority in his plan for the service. Last night he said he was "naturally disappointed" by the union's decision.

All the delegates who spoke on the motion argued for the rejection of the Post Office plan. They felt that in the two years since Sunday collections were suspended Post Office staff had grown to value their Sunday free from work. The union should be trying to reduce the working week

Because pay settlements had not fully consolidated the supplementary increases of phases one and two into the basic pay to give overtime rates in line with 1978 standards, the financial reward for Sunday working was particularly unattractive.

Mr. Maurice Styles, general secretary of the section, said union members were angry and indignant about the Post Office's proposals. The abolition of Sunday collection by the Post Office was "the height of folly" and the union had campaigned for its restoration. "Now, though, members were against its reintroduction."

Earlier this week Mr. Tom Jackson, general secretary of the union, said the abolition was "a mistake of immense proportions".

The Post Office, which claimed suspending the service saved £8m a year, had proposed a compromise on Sunday collection after public complaints about its suspension. Collections would be made from all post offices and other selected boxes.

Telephones dispute Page 11

£ in New York

—	May 23	Previous
Spot	\$1.8093-8103	\$1.8130-8146
1 month	0.55-0.47 dis	0.53-0.47 dis
3 months	1.43-1.36 dis	1.45-1.37 dis
12 months	5.95-5.75 dis	5.90-5.70 dis

New York challenge to Lloyd's

BY DAVID LASCELLES

NEW YOK, May 24.

NEW YORK may soon challenge Lloyd's of London dominance of the world insurance market by setting up its own trading floor where syndicates could underwrite world insurance risks.

Proposals of this kind have appeared before but Lloyd's recent blocking of attempts by U.S. insurance brokers to buy control of Lloyd's brokers has given them additional impetus.

A Bill was introduced into the New York State Assembly today with the strong backing of Mr. Hugh Carey, State Governor. It seeks to amend state insurance laws to allow creation of such an exchange.

No surprise

If the Bill goes through—and the timing was not clear today—Mr. Carey is expected to propose that draft by-laws and a constitution for the exchange be drawn up by next March.

The Bill aims to create a trading floor and syndicate system which, its sponsors concede, is modelled closely on Lloyd's.

Sydnicates would be composed of member brokers and insurance companies which would compete for insurance business—mainly re-insurance and large or special risks.

At present the insurance industry is regulated tightly by state law, which makes free competition virtually impossible.

Insurance companies must usually have their premiums approved by the state insurance commissioner and most of reinsurance business goes to London.

Supporters of the Bill argue that present law is unnecessarily restrictive and that places a burden on the U.S. balance of payments by forcing insurance funds out of the country.

They add that the size of the U.S. insurance industry demands a proper centre.

Clearly, they also resent Lloyd's privileged position.

Mr. John Regan, chairman of Marsh and McLennan, one of the two large U.S. brokers recently prevented from increasing its presence at Lloyd's, outlined the U.S. discontent last week.

"No comparable market (to Lloyd's) exists in this country, even though more than 50 per cent of worldwide insurance premiums are produced in the U.S., compared with less than 5 per cent in Great Britain.

"The New York reinsurance exchange would provide an alternative to Lloyd's that would help satisfy the need for additional capacity for reinsurance and special risks," he said.

Insurance brokers generally back the Bill but some reservations have been expressed by the insurance companies themselves. They say the proposals are still too vague.

Specifically, they fear that the emergence of a new animal, the insurance syndicate, would threaten their position and possibly even blur the distinction between insurance brokers and underwriters.

Not clear

● In London the British Insurance Association said that there was insufficient detail to form a view.

Lloyd's of London said: "We do not yet know the full implications of this proposal. But the move itself did not surprise us. We have known that this was on the cards for some months."

Scottish reactor go-ahead

BY JOHN LLOYD

THE South of Scotland Electricity Board has received the go-ahead to build an advanced gas cooled reactor (AGR) power station at Torness, in East Lothian, at a cost of £600m.

Permission to build the AGR—one of two approved by the Government earlier this year—was given yesterday by Mr. Bruce Millan, Secretary for Scotland. Mr. Millan said that there was no reason for a further inquiry into the board's application for the AGR, though several organisations had asked for one.

An application to build a nuclear power station was made by the board as far back as 1973. After an inquiry, permission was granted to build a steam generating heavy water reactor (SGHWR) early in 1975.

However, the Government's decision to adopt the SGHWR system came under review before construction had started. In January this year, Mr. Anthony Wedgwood Benn, the Energy Secretary, announced the scrapping of the SGHWR programme and that at least two of the British-built AGRs would be ordered, including one for Scotland.

Further approval from the Scottish Secretary was required before construction could begin.

The Torness station will have an installed capacity of 1,320 MW. Site preparation, which will begin immediately, will take an estimated 18 months, after which construction will begin. The station is scheduled to be on stream in the late 1980s.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Albright and Wilson	166	+ 43
Bowater	190	+ 6
De La Rue	330	+ 7
Dobson Park	92	+ 7
Ever Ready	144	+ 5
Furness Withy	279	+ 13
Heron Motor	110	+ 5
ICL	298	+ 4
ICI	378	+ 5
Keyser Ullmann	48	+ 2
Lloyds Bank	285	+ 10
Lucas Inds.	306	+ 5
MFI	81	+ 6
Marks and Spencer	139	+ 4
Midland Bank	375	+ 9
Trafalgar House	133	+ 4
Unilever	518	+ 10
Wettern Bros.	68	+ 8
Siebens (UK)	430	+ 24
Gopeng Cons.	285	+ 10
Malayan Tin	390	+ 15
Messina	93	+ 4
Minorco	174	+ 6
RTZ	219	+ 5
Southern Kinta	205	+ 10
Southern Malayan	295	+ 10
Whim Creek	60	+ 10

FALLS

Alginate	260	− 18
Avon Rubber	188	− 20
Borthwick (T.)	57	− 9
Crystalate	25	− 2

CONTENTS OF TO-DAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Paris Cabinet adopts simplified Bill for share-dealings tax

BY DAVID WHITE

PARIS, May 24.

THE FRENCH Cabinet to-day approved changes to a long-awaited Bill introducing taxation on profits from share dealings. The Bill, which completes the Government's range of capital gains tax legislation, is due to go to the National Assembly at the end of the month.

The Bill comes in much-simplified form, borrowing largely from the British and U.S. ssytems of flat-rate deductions.

The original draft, brought forward in July 1976, was to have come into effect with other capital gains laws in January. Introduction was put off for 12 months, first because the legislation was felt to be unwieldy, *second because the Stock* Market was depressed and third because the Gaullists in the Government coalition took exception to it.

The new rules presented by M. Maurice Papon, who holds the newly-created post of Budget Minister, set differential tax rates for three classes of investor. These depend on whether share profits form the investor's main, second or merely occasional source of income.

People who make their living from the Bourse will be taxed on their earnings as part of their income tax. Those judged to be semi-professionals, who make a regular income from the Bourse but do not live on it, are to be taxed at a flat rate of 30 per cent, and the once-in-a-while investor at 15 per cent.

The Bill is expected to be presented with other proposals aimed at steering more private savings into company shares.

The Paris Chamber of Trade and Industry said earlier that it was an inopportune moment to tax income from sales of shares, in apparent contradiction to the *Government's stated aim of supporting* the Stock Market.

But the Bill's reception in Bourse circles was remarkably calm. While to-day's Cabinet meeting was in progress, Bourse prices went up by about 3 per cent on average, helped by favourable company results and a drop in both short-term and long-term interest rates. Overnight money rates have dropped below 8 per cent for the first time in many months.

Brokers commented that the market had already taken account of the imminent tax measure and was now coming out of a lull which set in after strong gains in March and April, following the left's defeat in the general election.

The amended tax measures were regarded as reasonable in comparison to the original project, and more easily applicable. The difficulty remains of how the tax authorities are going to distinguish between professional and semi-professional investors.

Saudis 'may divert reserves to France'

By Our Own Correspondent

PARIS, May 24.

EXPECTANCY about a possible large inflow of official Saudi Arabian funds into France is gaining momentum here. Middle East financial circles in Paris said that Saudi Arabia, whose head of state, King Khaled, is due in France next week, might divert part of its reserves into France, now that the hurdle of the French general election has *been cleared.*

A weekly Arabic-language publication here, al Watan al Arabia, has asserted that the Saudi Arabian Monetary Agency (SAMA) is ready to deposit $5.1bn in French banks if there is a positive outcome to King Khaled's three day visit, starting on Monday.

The report, which said the deposits would be made in order to "reinforce the French economy," drew no comment from French officials.

Saudi Arabia previously refrained from placing money in *France, they said, in view of* the fears of a left-wing election victory and the business uncertainty that preceded the March election, and the possibility that banks and big industrial concerns would be nationalised.

The report in al Watan al Arabi also said that France would seek to extend its current agreement on purchases of Saudi oil. French officials said that the oil pact signed last year when President Valery Giscard d'Estaing was in Saudi Arabia would be one of the items under review.

Jamie Buchan adds from Jeddah: Banking sources here did not rule out the possibility of a large inflow of official Saudi funds into France. But they point out that it would be unlikely to be as a result of a drawing down of the vast official Saudi holdings in the U.S.

Given the oft-reiterated Saudi support for the U.S. dollar, it would be more likely, they thought, to take the form of a commitment against future reserves.

In view of recent French military interventions in Africa, and Saudi concern about the extension of communist influence there, it is thought quite credible here that such a commitment might be made as part of a joint understanding between the two countries on African security.

Giscard disarmament plan

BY ROBERT MAUTHNER

PARIS, May 24

M GISCARD D'ESTAING, the French President, to-day flew to New York to present France's new disarmament plan tomorrow to the UN General Assembly's special session. He is due to have a working dinner with President Carter in Washington on Friday.

The French proposals mark the end of France's long boycott of international disarmament discussions which dates from the time of General de Gaulle's presidency.

President Giscard will propose that the Geneva disarmament conference should be replaced by two separate United Nations bodies. One of these, a reincarnation of the old UN Disarmament Commission, would be mainly a discussion forum open to all UN States. A *more restricted body,* made up of about 30 to 40 States representing all the regions of the world, would be used for negotiations.

The French President will also propose the setting up of an international satellite agency to control *arms* limitation agreements and a special development aid fund, financed mainly by the most heavily armed States.

Le Saffre in U.S.

Le Saffre, a French foods processing concern, has agreed to build a yeast manufacturing plant valued at about $13m on a 23-acre site obtained with the assistance of the Philadelphia Industrial Development Authority, - AP-DJ reports from Philadelphia.

The plant will be in an area recently designated a free trade zone.

West German experts discount early renewal of growth

BY ADRIAN DICKS

BONN, May 24.

A RECOVERY in the growth of the West German gross national product is not to be expected before the second half of this year, after the heavily negative effects on the first quarter of bad winter weather and industrial disputes. That is the conclusion of a report on the economy during the first quarter published today by the Berlin-based German Institute for Economic Research.

According to the analysis, there was a fall in real GNP growth between the fourth quarter of 1977 and the first quarter of 1978. Measured against the first quarter of 1977, the economy had expanded by only 1 per cent.

Attempting what it concedes to be a difficult exercise, the *institute goes on to say* that after allowing for strikes and bad weather, the first quarter showed a 0.5 per cent increase from the last quarter of 1977 and a 2 per cent increase from the first quarter of 1977.

At the very least, these reflections from a body often thought of as being in broad sympathy with Chancellor Helmut Schmidt's Social Democratic Party confuse the task which the Bonn Government has set itself of reconsidering its foreign partners' calls for fresh stimulatory measures in the light of first quarter performance.

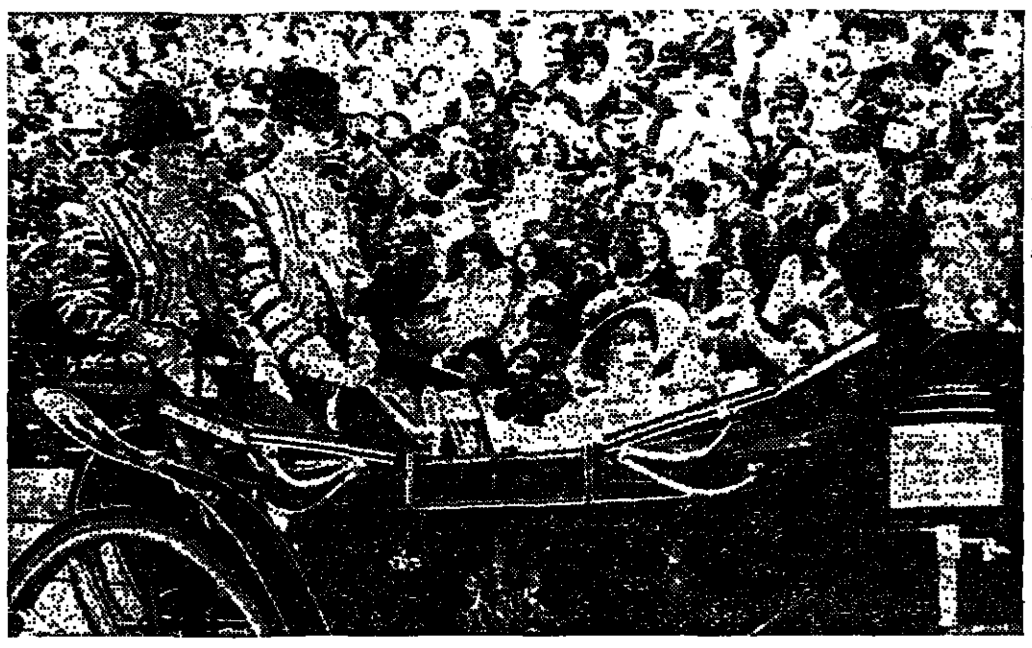
The institute's main message seems to be that the first quarter figures are so massively weighed down by social factors that any conclusions drawn from them must be hesitant.

The institute does not mention directly the issue of further stimulatory measures, most recently pressed on the German Government by Mr. Denis Healey, Britain's Chancellor of the Exchequer, during this week's meeting of European Finance Ministers in Brussels.

Illustrating its main thesis, the institute points to the 4 per cent drop in building output, even after seasonal correction, and asserts that in real terms, spending by business on capital equipment actually fell by 2.5 per cent during the first quarter.

A similar warning against the prospects of any early recovery of growth was sounded today by Herr Karl-Otto Poehl, vice-president of the Bundesbank. Referring to what he called "virtual stagnation" during the first few months of this year, Herr Poehl held that the continuing boom in the motor industry and the improved position of the building sector were virtually the only bright spots in the domestic economic area.

The Bundesbank's vice-president expressed *less qualified* optimism on the subject of the external position, and said he was relatively confident that the recent stabilisation of the dollar against the mark on foreign exchange markets would endure. He paid tribute to recent actions by the U.S. authorities as finally putting into practice their commitment to anti-inflationary policies and to energy-saving measures.



Birthday parade in W. Germany

The Queen revisits Berlin: Britain's Queen Elizabeth (shown above during yesterday's drive past in her birthday parade) told cheering West Berliners of the United Kingdom's continuing commitment to "defend your freedom for as long as need be, till the divisions in Europe and your city can be healed." Herr Helmut Schmidt, the West German Chancellor, responded by thanking Britain for "standing firmly" in the city and then recalled the major changes that have taken place there since the Queen's visit in 1966, her first to West Germany. The four-power Berlin agreement, Herr Schmidt said, was an important step in "reducing tensions in the middle of Europe and alleviating the effects of the division in Germany and Europe." *West Berliners, writes Leslie Colitt, in* the main agree that much has improved since the four-power accord opened East Berlin and East Germany to them for regular visits and lifted virtually all controls on traffic between West Berlin and West Germany on the East German autobahn routes. West Berlin, which lived at an emotional pitch for decades and came to believe it was the crux of East-West politics, is having to learn to deal with more prosaic problems: halting the loss of factory jobs in Germany's largest industrial city, attracting West Germans to live and work in an island city and integrating more than 100,000 foreign workers from southern Europe and Turkey, lured here at the height of the economic boom and showing no sign of wanting to leave even in a recession. West Berliners have grown somewhat more muted since they yelled themselves hoarse when the Queen was last here. They are adjusting to a much longer haul, continuing to survive as a western city 110 miles inside the borders of the Warsaw Pact at a time when the immediate Soviet military threat to the city has seemingly passed.

● The Soviet Embassy in East Berlin yesterday accused Herr Schmidt of violating agreements *on West Berlin by accompanying the Queen to* the city. Reuter reports that the Embassy statement said "certain circles" in West Germany and West Berlin were trying to present the visit as part of the Queen's state visit to West Germany. "This goal was apparently served by the fact that the federal Chancellor of the Federal Republic of West Germany, Helmut Schmidt, accompanied the Queen, although it is generally known that West Berlin is not a part of the FRG and cannot be ruled by it."

Moscow gunman held in hostage incident

MOSCOW, May 24.

A HOODED man today fought a gun battle with police in central Moscow after seizing two Russian hostages in the Finnish airline office and demanding a plane to take him out of the Soviet Union.

The man, officially identified as a Soviet citizen, fired several blasts from a shotgun through the window of the street-level office close to the Kremlin during the 95-minute siege before he was seized and driven away.

Miss Lyudmila Semyonov, 40, the airline's secretary and one of the two hostages, was cut by flying glass in the incident but no-one was seriously injured.

The second hostage was a Russian driver employed by the Finnish embassy who had just arrived at the office when the gunman burst in shortly after midday, *brandishing a double-*barrelled shotgun and wearing a black hood.

Miss Semyonov told reporters later that the man, aged about 30, said he wanted a plane "to fly him away." He told one reporter who telephoned the office: "I represent the Russian liberation army which fought alongside the Germans."

But it appeared unlikely that the gunman could have had any conection with that force, most of whose members were executed or given long prison camp terms after the war.

In a report on the incident issued some two hours after it was over, the Soviet news agency Tass, said police had established the man was a wanted criminal. It did not name him.

The last known shooting incident in Moscow was in 1968 when a man in police uniform opened fire inside the Kremlin grounds on a cortege of cars carrying senior officials and Mr. Georgy Beregovoi, the cosmonaut, who was just back from a space flight.

A man in plainclothes, apparently from the KGB security police, briefly detained two *Western reporters.* They had arrived a few minutes after the incident was over, and one of them was filming the smashed windows and the bullet holes in the glass when the official intervened. They were released after the film was handed over.

Reuter

Orlov sentence attacked

ROME, May 24.

THE ITALIAN Communist newspaper *L'Unita today sharply* criticised the jail sentence on the Soviet dissident Yuri Orlov in what appeared to be a hardening of the party's attitude to the Soviet Union.

L'Unita's front-page criticism came six days after the newspaper opposed aid given by the Soviet Union and Cuba to help Ethiopia in its efforts to crush insurgents in Eritrea, saying the *Eritreans were engaged in a* "just struggle."

The moderate Communists also announced they will hold a symposium praising the liberalising efforts of Czechoslovak Communists during the "Prague Spring" ten years ago which was ended by the invasion of Soviet and Warsaw Pact troops.

Reuter

UK will resist EEC lorry weights accord

BY IAN HARGREAVES

OSLO, May 24.

BRITAIN WILL resist moves by the EEC to gain agreement this year on higher lorry weights and dimensions.

Mr. Raymond Burke, the EEC Transport Commissioner, told the annual congress of the International Road Transport Union (IRTU) here that he was hoping for "a new approach towards at any rate a partial solution" to the weights problem this year.

But senior British Government sources have indicated that there is no chance of Britain agreeing in the foreseeable future to raise its present 32-gross ton maximum weight for commercial vehicles. Higher lorry weights are a sensitive issue with a general election in sight, and the opposition of the Liberals on environmental grounds to any such change would present difficulties in getting the measure *through* Parliament.

Department of Transport officials remain sympathetic to the need for Community-wide standards of vehicle weights, which would be of great value to truck manufacturers such as British Leyland, but they believe a great deal more work needs to be done on the proposal.

Any change would have to involve increasing th 32-ton limit, perhaps to 40 or 44 tonnes, but there is still widespread disagreement among EEC states on the optimum axle-weight configuration and on the fundamental issue of whether regulations should apply to both domestic and international operations.

Britain would prefer a single international set of standards, but countries like Italy, which already has a maximum of 44 tonnes, would strongly resist any pressures to reduce this limit.

Mr. Burke also appealed to road-haulage associations — strongly represented at the congress—to press their governments to back the development of an EEC transport infrastructure fund.

The first meeting of a new committee to discuss co-operation on infrastructure planning is planned for next month, but Mr. Burke made *it clear* that ministerial backing for the Community role in financing international projects is the next key step.

It has been suggested that a Channel Tunnel might form one project for such a fund, and the *EEC is currently considering* whether to finance a research project on the Channel link. Although the infrastructure fund may be considered at next month's meeting of the Council of Transport Ministers, progress is unlikely because of the large amount of detailed work still outstanding.

A major theme of the IRTU congress has been an attack upon the growing hostility of several governments towards the heavy lorry. Austria, which is about to impose a tough transit tax, was again singled out for criticism. Dr. R. Schober, the union's president, said that such taxes were creating a severe drain on hauliers' profitability and would, in the long term, damage the growth of international trade.

A resolution to be put to the congress tomorrow speaks of "ever-increasing obstacles" to road transport caused by taxes, administrative burdens, and petty official controls, and argues that vehicle taxation should "correspond to an objective assessment of road infrastructure costs incurred."

The latest statistics from the IRTU, which has members in 52 countries, suggests that the world's total of commercial vehicles might well exceed 100m by 1990. The number grew from 60.9m in 1973 to 63m in 1974

Signs of end to fall in Spanish inflation

BY ROBERT GRAHAM

MADRID, May 24.

THE SPANISH consumer price index rose by 1.7 per cent in April, according to provisional figures just released here. This is the first substantial monthly increase this year, and is a warning that the Government's programme of controlling inflation may be under pressure.

In the first four months of the year, the Spanish consumer price index has increased 5.3 per cent, a rate which if continued for the whole year would be on target for the Government's planned reduction of inflation to 16-17 per cent for 1978.

This compares with an increase *of 9.2 per cent in the first four* months of 1977. The sharp fall has been achieved by a combination of rigorous control of the money supply, adherence to wage ceilings and the generally depressed state of demand.

The increase in the money supply has so far been kept marginally below that which would produce the 17 per cent rise which is the target for the whole year. At the same time, new wage agreements have adhered to the 22 per cent wage ceiling, which has been accepted by both management and the unions.

The high 1.7 per cent April increase in the consumer price index is, however, only one of a number of worrying developments on the inflation front. In April, the Government agreed to an average 16 per cent increase in prices of basic agricultural products, *expected to be higher* when passed on to the consumer.

Secondly, the Government has approved price rises for steel and steel products, and more important, it is contemplating a whole range of price increases for utilities, especially electricity, and industrial fuels which are considered unrealistically low priced.

As wage agreements generally provide for the full permitted 22 per cent rise—and as in some cases the limit is awarded by reclassifying employees—inflation is almost certain to speed up in the latter part of the year.

The main immediate concern for the Government is to ensure that by July it is not running at an annual rate of 25 per cent. For if this were the case the Government would be round by the terms of the Moncloa Pact, the package of political and economic measures agreed with the opposition last October, to review the existing 22 per cent wage ceiling. Such a level of inflation is, however, most unlikely.

But if inflation is beginning to pick up slightly, the Government can take some comfort from the continued strong performance of exports. In the first four months exports topped Ptas332bn ($4.2bn), a 42 per cent increase in peseta terms on the same period last year. Meanwhile, imports grew at 17 per cent, to Ptas467.3bn ($5.8bn), which reduced the trade deficit by 17 per cent.

Norway oil applications

By Fay Gjester

OSLO, May 24.

THE NEWLY-CREATED Volvo Petroleum will be one of about 30 oil companies to file applications for one or more of the 15 North Sea blocks which Norway has offered in its fourth licensing round, the Oslo newspaper Aftenposten predicts today.

Deadlines for applications is June 1, and so far only a few have been filed. Normal oil company practice is to file just before the *deadline expires.* Advance inquiries by the interested companies give the Oil and Energy Ministry a fairly good idea, however, of which companies are likely to apply.

PORTUGUESE OIL EXPLORATION

Decision on onshore concessions shortly

BY JIMMY BURNS

LISBON, May 24.

THE PORTUGUESE Government is expected to take a decision within the next two months on a recommendation as to which oil companies should be granted prospecting *and drilling concessions for* onshore oil due to begin on the Portuguese mainland by the end of next year.

The recommendation will be made in an initial report by the Portuguese Department for Oil Exploration and Drilling which has been leading negotiations with representatives from seven major oil companies since the beginning of April. Although officials are keeping the full list of these companies secret for the time being, it is known to include Petrogal, the nationalised oil company which recently signed a technical assistance contract with the multi-national Shell-Prospex company.

Shell, along with Esso, Challenger, Sun Oil, Chevron and Texaco, was made a concessionary in 1973 and 1974 for off-shore drilling. Although total investment in this project by the oil companies is estimated to have been in the region of $150m (pre-devaluation calculation), only small quantities of high quality oil was found. Nevertheless Shell-Prospex is known to have handed the Portuguese Government a confidential report last year suggesting the feasibility of continuing exploration onshore.

Oil along with foodstuffs and capital equipment make up over 50 per cent of Portugal's total imports. Officials here feel that in spite of the dampening results of off-shore drilling, the onshore project is worth a try if only as one more attempt to find a solution to the country's present balance of payment deficit of $1.5bn.

Meanwhile alternative forms of saving energy are being contemplated by the Government. A White Paper is due to go before the Portuguese Parliament within the next month recommending the installation of nine nuclear power plants by the year 2000.

TELECOMMUNICATIONS IN SPAIN

Split control of a key monopoly

BY ROBERT GRAHAM IN MADRID

LARGE COMPANIES in Spain prefer to be seen and not heard. What they expose of themselves is usually selective—and frequently confusing. The public profile of large companies is most confusing where the company contains a substantial State equity. Because successive governments have concerned themselves little with clarifying the difference between private and public companies, a curious hybrid has evolved—a company that has an important State involvement and enjoys a privileged status, yet which acts as a private company.

A new law now being drafted on public enterprises is attempting for the first time to shed black and white on this grey area. Officials drafting the law favour a definition that would automatically make any company with a State holding of 50 per cent or over a public enterprise. If this materialises then at least one of the two main monopolies at present regarded as private—the petroleum marketing monopoly, Campsa, and the telephones monopoly run by Compania Telefonica Nacional de Espana—would become public. The largest State shareholding is in Campsa, where the Finance Ministry holds 51 per cent. This would lose its private status. More problematical is Telefonica, in which the State holding is 46.25 per cent.

Telefonica, founded in 1924 in collaboration with ITT, has no doubts about its position.

> The two principal shareholders in Telefonica are the Ministry of Finance, with 34.55 per cent of the shares, and the Bank of Spain with 11.7 per cent.

According to its chairman, Sr. Tomas Allende y Garcia Baxter, Telefonica is a private company providing a public service and geared to make profits for its 603,522 shareholders. Although Telefonica has more individual shareholders than any other company in Spain, the two main ones happen to be the Ministry of Finance and the Bank of Spain, which hold 34.55 per cent. and 11.7 per cent. respectively.

For a company occupying such a strategic sector, it would be hard for the State not to be closely involved. There is a special Government appointee on the Board, and there are three other members considered Government representatives. But the special status of Telefonica is more in its fiscal treatment. Telefonica is exempt from normal taxes and instead pays 15 per cent. of net profits or six per cent of turnover, which ever is the higher.

The State also has the right to half the profits above 7 per cent of capital and reserves, in addition to which Telefonica pays a quota of subscriber fees to the Government. If profits fall below the seven per cent level then the company is entitled to an automatic tariff increase—although in practice the company seeks prior Government approval.

Telefonica can also tap the cheap finance from that portion of deposits which the savings banks are obliged by the government to set aside for use in specific sectors. Furthermore, since Telefonica traditionally relies upon the bourses as an important source of capital, the biggest single shareholders, the Finance Ministry and Bank of Spain, can be relied upon to underwrite the success of share issues. Until last July, when the Bank of Spain reviewed its policy of intervention on the bourses, intervention in Telefonica shares was one way of influencing bourse prices. Telefonica shares account for some 20 per cent of total bourse turnover. Not surprisingly, Telefonica is one of the blue chip shares in Spain and its profits are double those of any other Spanish quoted company. Net profits in 1977 were $198m (Pta 15.9bn).

Despite this State underpining of the monopoly, the Government has not sought to exercise full control over the company. Perhaps in the past this was not considered necessary, given the intimate links between Board members and the Franco regime. But Telefonica's critics argue that this has enabled the company to put the interests of its shareholders, especially the 119 large private shareholders who hold 23 per cent of equity, ahead of those of the wider public. Telefonica defends itself with a record of growth that is almost certainly faster than any other telecommunications body in Europe, raising the number of telephones per 100 inhabitants from 5.2 in 1960 to 26.2 by January this year.

But so far, Telefonica's critics have focused on what would seem essentially to be details—such as its method of billing, or delays in installing telephones. There has been no challenge by the political parties on the broader issues of whether a utility such as the telephone system should be run as a private monopoly. Telefonica is a formidable economic force in Spain with investments this year of Pta 88bn ($1.1bn), equivalent to 6 per cent of the State budget, and employing a 54,000-strong workforce which is second in size only to the railways.

Under the terms of its charter, Telefonica's monopoly covers the installation and operation of the Spanish telephone network. However, Telefonica has expanded as the telecommunications field has grown into areas which, though not exclusive to it, are *de facto* monopolies. For instance, data transmission has become an effective part of the monopoly and is the most rapidly expanding area of business. Data transmission traffic was up 78 per cent last year. If and when systems like Viewdata are introduced in Spain, and Telefonica intends to do this, the company will be the sole one in the field, with the Post Office excluded. As it is, the Post Office has a relatively minor role in communications, responsible for telex links but often renting the cables from Telefonica.

Telefonica has also achieved an important measure of vertical integration so that it is a significant shareholder, if not owner, of all its main Spanish-based suppliers. This in turn means that Telefonica is the determining influence in the development of a telecommunications and electronics industry in Spain. For instance, Standard Electrica (SESA), one of the largest companies in the sector, in which ITT has a direct 65 per cent stake, and in which Telefonica holds 20 per cent, has almost 75 per cent of its turnover absorbed

> Telefonica's investments this year total $1.1bn, equivalent to 6 per cent of the State budget; its 54,000 workforce is second only to that of the railways.

by Telefonica purchases—equivalent to $231m (Pta 18.5bn) last year.

Can therefore the private nature of this expanding monopoly continue? Some Government officials believe that Telefonica is too important to be allowed to act as a private company. Therefore, if the company falls outside the scope of the new law relating to public enterprises, then the State must ensure that it increases its stake so as to include Telefonica. The present mood of all the political parties is to play down talk of nationalisation, and Telefonica for its part confidently claims that no Government could afford to foot the compensation bill. Thus the former course seems the most likely—although Telefonica is expected to do its best to resist.

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Simon Henderson reports from Islamabad on the Bhutto appeal. Below, **David Dodwell** writes on the man tipped as Pakistan's next Premier

A sense of exhaustion

THE HEARING of the appeal against the death sentence on the former Pakistan Prime Minister Mr. Zulfikar Ali Bhutto means that the agony the country has been going through for more than a year is approaching its climax. The sense of exhaustion from the long period of stress emanates from all sections—the military now running the country under the leadership of General Zia ul Haq, the administration that has had to do a radical about-turn between two regimes, and the ordinary people whose chance of electing a government appear as far away as ever.

It was the disputed result of the March, 1977, polls which started agitation against Mr. Bhutto, and fresh elections were originally said to be General Zia's aim. Yet they appear to have been by-passed as Pakistan has reverted to its age-old formula of being run by the military bureaucratic hierarchy. General Zia's statements, which commit him to no date, seem mere lip service to the idea of an elected form of democratic government.

But if General Zia and others in his regime are gratified by the near conclusion of the first stage of their exercise in power, they must be anxious about the problems they still face and several new ones that are now emerging. The number one problem is that of the fate or future of Mr. Bhutto. His popular support remains, but the degree to which his supporters would be prepared to take on the military has declined enormously since the death sentence was announced two months ago. There seems an Islamic fatalism to be prevalent which accepts that he will die.

The other problems are a mixture of old and new—the nuclear reprocessing plant which they hope to buy from France, the frail economy propped up precariously by remittances from Pakistanis abroad, and the change of regime in neighbouring Afghanistan where a left-wing coup toppled President Daoud last month.

The factor in the military's favour in tackling these problems is that the regime, more than in the past, appears to be acting on a political plane, not making decisions before it has to. In spite of the privately expressed view in military circles that Mr. Bhutto should be hanged, no one is publicly insisting on it while the appeal is before the Supreme Court. It is a most useful defence to ward off the foreign appeals for clemency.

Acting against the military is the progressively narrowing base of support that they have in the country. Organised labour has been alienated by overt support given to the employers, the encouragement of rationalisation and therefore of sackings, and the almost complete ban on normal trade union activity.

Prison sentences and occasional whippings for protesting against interference with the media has turned journalists and newspaper workers away. Most dangerously, the degree of support which General Zia has from the two minority provinces of North West Frontier and Baluchistan is questionable. The National Democratic Party which effectively dominates politics in these areas has been prevented by local feeling from participating in any so-called national government which General Zia might want to form.

It is the plan for a national government which provides the best proof that Pakistan politics are returning to their norm. The strongest contenders for positions in it are the two groups which rate lowest on a scale of adherence to popular democratic principles, the Pakistan Moslem League of the Hereditary Saint, the Pir Pagaro, and a faction of the former governing People's Party, led by an ex-confidant of Mr. Bhutto, Maulana Kauser Niazi.

With the almost complete ban on politics it is very difficult to judge the strength of either of these two groups but observers doubt whether even together they would receive 25 per cent of the popular vote in a poll, and it could be that they would never get above single figures. The electoral showing would perhaps depend on the degree to which they were officially adopted by the military regime and the extent to which other parties were prevented from participating so that the vote would not be split in all directions. The so-called Islamic parties—and this is crucial—have yet to commit themselves to a national government, largely because they dislike the idea of having Maulana Naizi in the same cabinet.

A national government would provide no real leadership, and the personalities in it would mostly be the habitual politicians of Pakistan, rich landlords and businessmen who either directly control a local electorate because it is a personal fiefdom, or know that by allying themselves with the dominant force they can acquire power and influence without a popular base.

The one positive aspect of a national government would be if it were to succeed in developing Pakistan politics along normal democratic lines with a viable government party and a viable opposition. However, as the lively members exclude the National Democratic Party, Bhutto supporters, the potentially powerful independent Asghar Khan, and perhaps the Islamic parties, it looks as if the wrong parties have been chosen.

General Zia is unlikely to meet stiff domestic political opposition for at least several months. The control of the Press means that the military can effectively damp down public debate at home and therefore not have its failures examined.

However there will be challenges. Economically the country is so stretched by increasing imports that officials speak of drastic measures being necessary. Also the Aid to Pakistan consortium countries look like imposing stiff conditions for rescheduling of debt worth U.S.$300m over five years.

After months of uncertainty General Zia is still in power. Diplomats have endless inconclusive arguments about the influence of other generals whose power in some fields is certainly very great. But General Zia is still all powerful in the most public sectors of his Administration. Predictions of imminent chaos have to be played down. His grip is firm, but while his support is precariously based, there remains a lingering doubt.

Waiting in the wings

GENERAL ZIA UL-HAQ, who heads Pakistan's military regime, seems daily less likely to loosen his grip on power. But if he ever decides to fulfil his promise of an early return to civilian rule, then his first choice as successor is likely to be Abdul Wali Khan.

Wali Khan, who is 61, first made his mark on Pakistan's politics during the furious horse-trading over the partition of India in 1947: both he and his father, Abdul Ghaffar Khan, opposed partition. They were also dogged pacifists, and firm adherents of democratic principles. These stands have caused Wali Khan to spend 10 of the past 30 years in jail.

He can thank Pakistan's former Prime Minister, Zulfikar Ali Bhutto, for his latest confinement. So Mr. Bhutto's complaints of ill-treatment, while in prison awaiting an appeal against a death sentence, rouse scant sympathy. Like most politicians in Pakistan Wali Khan is convinced that Mr. Bhutto is guilty and that the sentence should be carried out, as he made clear in an exclusive interview in London.

"Five of our best judges sitting in the Supreme Court found Bhutto guilty and sentenced him to hang," he said. "No one should turn round and say that is not correct. The pressure from the people is very strong.

"Just because Bhutto went to Oxford, speaks English nicely, wears smart Western suits and has charming manners, people can't believe he could do such terrible things," he added.

Wali Khan's personal antipathy towards Mr. Bhutto is well documented. He sees him as power-hungry, unprepared to brook criticism, and unwilling to risk losing power through the democratic process. After spinning a huge web of patronage based on bribery and terror, Wali Khan claims he overturned the constitution and overran the judiciary.

"Two things I can never forgive Bhutto," Wali Khan said. He has destroyed the infrastructure of Pakistan's democracy, and he has left the economy in tatters. A legal friend always argued that our constitution had the checks and balances to defend us from tyranny. But Bhutto turned these into blank cheques and cash balances.

"Blunders"

Wali Khan has given his blessing to General Zia's military regime, despite its much-publicised excesses, because he feels Zia will clear away the "filth" left by Mr. Bhutto's use of patronage. He concedes that Zia made early blunders, and that the new regime has used draconian punishment. But he seems able to forgive Zia his excesses, confident that he will stick to his promise of an early return to civilian rule.

Many now see General Zia's "Operation Fairplay," in which he promised elections in October last year, as little more than a sick joke. But Wali Khan still has faith. He has even approved Gen. Zia's use of military tribunals to by-pass open courts. "Our civil courts would take years to handle Bhutto's case," Wali Khan argues. "If we want elections soon, and a return to democracy, then we must use military courts."

Wali Khan also complains that the international Press has been hard on Gen. Zia. Gen. Zia, he claims, has released 11,000 political prisoners. The floggings now conducted in public were simply carried out in private under Mr. Bhutto.

"It is strange, but while Pakistan has had democratic military rule, it has only had undemocratic civilian rule."

Though he is talked of as a future premier in Pakistan—if the country ever manages to unshackle itself from military rule—a five-year ban against his standing for office (imposed by Mr. Bhutto) is still in force. His National Awami Party has been disbanded. In its ashes, however, the National Democratic Party (NDP) has been created, with Wali Khan's wife, Naseem Wali Khan, bringing a new sense of direction and purpose to its demoralised members.

Wali Khan is bemused by Naseem's startling rise to political fame. She reluctantly abandoned the role of housewife for politics when her husband was imprisoned. Not content with simply keeping the NDP together, she has campaigned effectively to improve the image of Wali Khan and the NDP in the provinces of Sind, Baluchistan and the heavily populated Punjab.

Naseem is on the political stage' to stay, since she is 15 years Wali's junior and so has draw him and the NDP into an unelected civilian coalition "government" was frostily a long political career ahead of her.

Wali Khan doggedly insists that he will resist the pressure to take up office. He has already rejected the presidency of the NDP. General Zia's attempt to rejected.

But he is just three months out of prison, and probably wants to keep all options open for the present.

Zulfikar Ali Bhutto.

Israel halts take-over of W. Bank property

By David Lennon

TEL AVIV, May 24.

ISRAEL today dropped its attempt to take over the property and land of emigrants from the West Bank.

The Custodian of Absentees' Property today began again to accept the powers of attorney given to West Bank residents to manage the property of those living abroad. His refusal during the past three months to recognise these legal documents led to an outcry which has severely embarrased the government.

One of the leaders of the protests, Mr. Elias Freij, the Mayor of Bethlehem, said that if Israel had succeeded in "laying its hands on 100,000 acres of land which it considers abandoned, then it would not have left us any space to have a Palestinian homeland or an independent State."

Under an order issued by the military government when the occupation started in 1967, all West Bankers not in residence are considered as absentees, their property regarded as abandoned and its title vested in the Custodian of Absentees' Property.

But in practice this law was only applied to land and other property of former West Bank residents living in Arab or "enemy" countries. Three months ago, the Custodian began to apply the law also to the property of those Arabs who live in the West. He refused to accept the powers of attorney, thus preventing any sale or transfer of property.

After days of denial that there had been any change in policy, the Custodian today announced a reversion to the former policy. This was the first admission by Israel that there had been an attempt to gain control over the emigrants' property.

OVERSEAS NEWS

Major challenge issued to PLO leadership

BEIRUT, May 24.

FIVE PALESTINIAN guerrilla organisations have issued a major challenge to commando chief Yassir Arafat by demanding a new leadership for the Palestinian Liberation Organisation (PLO).

The demand came in a statement drafted jointly by the radical Rejection Front and the pro-Soviet Democratic Front for the Liberation of Palestine (DFLP), in the past an ally of Mr. Arafat's Fatah organisation.

Presented to Fatah last week and made public today, the joint statement indirectly accused Mr. Arafat of autocratic rule—a major sin in an organisation which takes pride in its democratic practice.

The statement did not mention the commando chief by name but the meaning of the statement was clear.

"This is directly aimed against Arafat," said a PLO official. "*It could be the most serious challenge to his position since he was elected PLO executive committee chairman in 1969.*"

Analysts in Beirut said the statement reflected the growing influence of Palestinian hawks critical of moderate leaders such as Mr. Arafat.

The statement followed an acrimonious row last month within Fatah—the biggest group under the umbrella of the PLO—over Mr. Arafat's orders to his troops in Israeli-occupied southern Lebanon to observe a ceasefire.

The dispute culminated in the arrest of more than 100 guerrillas intent on attacking *the Israeli occupation army*. The move prompted public denunciation by Fatah radicals of what they called attempts to settle disputes by force.

The joint statement published today said: "We feel that political decisions are being taken individually instead of collectively. There is no participation in the adoption of decisions, since your (Fatah's leadership is still the party that determines the political decision."

Analysts said the DFLP's signature on the document lent it considerable weight. But it was thought unlikely that it would create an immediate danger to Mr. Arafat.

But some commando officials in Beirut said the statement could serve to jolt the 48-year-old commando chief into adopting a political line closer to the Rejection Front.

Led by Dr. Habash's Popular Front for the Liberation of *Palestine (PFLP)*, the Rejection Front embraces three other groups—the Palestine Popular Struggle Front, the Arab Liberation Front and the Palestine Liberation Front.

Reuter

Ethiopians fail to break out of Asmara

By John Worrall

NAIROBI, May 24.

THE RECENT Ethiopian attempt to break out of the besieged Eritrean capital of Asmara, which is ringed by guerrilla forces, appears to have been *halted, according to diplomatic* sources in Ethiopia and the Sudan.

One significant event pointing to this apparent failure to give *momentum* to the Ethiopian breakout is the arrival of Colonel Mengistu, the Ethiopian leader, in Asmara during the weekend.

Arab newspapers in Khartoum reported that he ordered courts martial for a number of high-ranking officers on charges of "failure on the battlefield."

Ethiopian diplomatic sources today said Government forces which drove westwards out of the city had to retreat without breaking through the Eritrean rebel lines.

Another interpretation of the cessation in fighting round Asmara is that the Ethiopians had *merely* launched a *series* of probes to test the strength of the guerrilla forces to prepare for a major assault to come.

Addis Ababa radio today quoted Colonel Mengistu as saying that "a major new push is imminent against rebels in *Eritrea province.*"

Belgium and Zaire bridge differences on intervention

BY ROBERT MAUTHNER

PARIS, May 24.

BELGIUM and Zaire have patched up their quarrel over the intervention of Belgian paratroopers sent to Zaire to help *save Europeans* cut off by rebels in the mining town of Kolwezi.

After unscheduled talks in Paris between Mr. Leo Tindemans, the Belgian Prime Minister, and President Mobutu of Zaire, who has been attending a Franco-African summit conference here, a high Belgian official said that the two leaders had decided "to let bygones be bygones."

After his 70-minute talk with Mr. Tindemans about Zaire's relations with Belgium, President Mobutu merely said: "Things are all right," when the Belgian official said both sides had agreed they had said too much in the heat of the moment.

President Mobutu had forbidden his diplomats in Brussels to meet Mr. Henri Simonet, the Belgian Foreign Minister, or his staff after the latter had made a *number of critical remarks about* the Zaire régime. The Zaire President, for his part, subsequently accused Mr. Simonet of delaying military aid after the rebels had occupied Kolwezi.

Mr. Tindemans, who immediately returned to Brussels after *his meeting with President* Mobutu, was due to make a statement to the Belgian Senate this afternoon on the outcome of his talks.

Meanwhile, the French Foreign Ministry said today it had asked Angola and Zambia to ensure

the safety of any French citizens who may have been taken *into their countries by the rebels* after their retreat from Kolwezi.

Reports reaching Paris said 60 French nationals had still not been accounted for and it is feared here that the fleeing rebels had taken them hostage.

Reuter adds: Rebels fleeing *the fighting in southern Zaire* streamed through Zambia today on the way to Angola, but there was no sign of the white hostages they were believed to have taken, eyewitnesses said.

The hostages were captured in Kolwezi, the Zaire copper mining town which the rebels attacked on May 13 in a challenge to President Mobutu's Government. The rebels were dislodged last week by Zairean forces and paratroops of the French Foreign Legion. Hundreds of rebels were seen passing through north-west Zambia as they retreated to safety in Angola, apparently unmolested by Zambian authorities.

In Kinshasa, Western diplomats said they believed an international force drawn from several countries in Europe and Africa would prove to be the only way of securing Kolwezi against rebel attacks.

Meanwhile, Western military *sources in Kinshasa said today* that a third French Legionnaire had been killed during "search and destroy" operations launched from Kolwezi against rebels in the surrounding bush. Two Legionnaires were killed in the initial fighting to retake the town.

FOREIGN COMPANIES IN SOUTH AFRICA

Staying put, for now

BY BERNARD SIMON IN JOHANNESBURG

TOUGH EXCHANGES in London, at yesterday's annual general meeting of Rio Tinto-Zinc over the group's mining operations in South Africa and Namibia underline the growing intensity of debate over Western investment in South Africa. Faced with an hour's questioning by anti-apartheid groups, Sir Mark Turner, the RTZ chairman, conceded that the group wished to make money, but not in a manner which did not take into account the peoples of the countries where the group operated.

A similar line of thought was evident among commercial bankers at a conference in Mexico City this week. Even though a significant number of banks are growing wary of lending to the South African public sector, some major voices were heard in Mexico in support of continued lending to investment projects there.

They were responding to a call by Mr. Harry Oppenheimer, the chairman of the Anglo American Corporation, who said that isolating South Africa would not bring a change of heart by the Government and that those who advocated cutting the country off from the capital markets were in practice, if not intent, aiming at change by violence.

Mr. David Rockefeller, the chairman of Chase Manhattan Bank, said he broadly agreed with Mr. Oppenheimer. "We don't give loans to the South African Government," he said, but, "we are quite prepared to make loans to businesses that support widespread growth in South Africa."

Total investment in South Africa from abroad amounts to about $10bn. The growing reliance of the country on foreign funds to maintain a healthy growth rate is reflected in the *fact that from 1974 to 1976* the annual proportion of investment financed from abroad was 18 per cent, compared to 11.7 per cent for the whole post-war period.

"The restoration of real progress and prosperity, not merely a modest recovery conditioned by the limits set by domestic savings, depends to a much greater degree than in the past on the foreign investor," according to Mr. Aubrey Dickman, economist at Anglo American.

The conventional wisdom among South Africa-watchers is that many of the 1,000-odd American and European firms with investments south of the Limpopo are busily winding up operations there. In fact, surprisingly few have done so up to now, despite mounting pressures from governments and anti-apartheid lobbyists on both sides *of the Atlantic.*

Among British firms only the engineering group Drake and Scull is on record as having pulled out for what might be termed "political" reasons. Midland Bank has stopped loans to the Pretoria government, though it still maintains an office in Johannesburg. And Barclays late last year twisted its local subsidiary's arm to sell its defence bonds.

On the other hand, such well-known British companies as Lucas Industries and Mather and Platt have recently substantially expanded their South African operations. More than twice the number of U.S. firms that have withdrawn in the past two years have invested here for the first time, while giants such

Legislation to enact three major items of South African Government policy towards blacks was introduced in Parliament in Cape Town yesterday, including a Bill to replace black identity documents—the notorious pass books—with "travel documents" issued by homeland governments, Quentin Peel writes from Johannesburg. The same Bill will scrap the word "Bantu" from South African legislation and replace it with the word "black." Rights to 99-year leaseholds will be granted to urban blacks in terms of another Bill, which also provides for blacks being granted leasehold rights to mortgage, sell or bequeath their property. The third Bill introduced yesterday will make it an offence for anyone to refer to the activities of the Bureau for State Security (BOSS).

as Ford, Rank Xerox and Cyanamid, which already have South African subsidiaries, are broadening their bases here. Much the same applies to French and German companies.

This is not to say however, that the pressures on companies to disengage have been fruitless, or that foreign businessmen are not concerned about their companies' future in South Africa.

For one thing the awareness that South African operations are being monitored by home governments and pressure groups has undoubtedly spurred many foreign firms into improving black employees' working and living conditions, although there is still a long way to go. For instance, the number of U.S. corporations to have signed the six so-called "Sullivan Principles" (which, inter alia, lay down guidelines for phasing out race discrimination on the factory floor) has jumped from the original 12 fifteen months ago, *to over 60*. Moreover, the fact that Smith and Nephew was the first company to recognise a black trade union is widely ascribed to pressure from its British parent.

A Washington-based group, Investor Responsibility Research Center, (IRRC), recently reported that U.S. banks were concerned about a growing "hassle factor" surrounding their South African business. The centre noted that "several banks said that the cost of management time spent in responding to people questioning loans to South Africa and the possibility that depositors might withdraw funds or complain publicly about lending practices have become factors to be weighed carefully in evaluating future loans."

Trade enquiries for American goods have dropped off sharply in recent months. Companies selling high-technology equipment, such as Westinghouse and General Electric, have told IRRC that U.S. policy hurts their trade, while computer company executives are worried that Washington (which has already banned the supply of all U.S.-sourced goods and unpublished technical data to the South African police and military) may restrict the supply of spare parts and servicing.

Current discussions between the British Department of Industry and firms with South African interests about the impact of an interruption of trade on their business are bound to heighten the nervousness of British investors.

The U.S. Chamber of Commerce has protested strongly about current moves in Washington to restrict investment in South Africa, and many individual companies publicly assert their intention of staying on.

There has been a *sharp* acceleration in the repatriation of earnings by foreign-based subsidiaries. (in some cases prompted by depressed local business conditions, which in most sectors are hardly conducive to big new investment.

For its part, Pretoria has formally sounded out foreign subsidiaries for their views on the future of their investments. It is doing its utmost to soothe investors, but at the same time drawing up contingency plans in case of any disruptions in strategic sectors.

The Minister of Economic Affairs, Mr. Chris Heunis, recently stressed that the Government appreciates the dilemma facing foreign investors as a result of restrictions on their operations by home governments. "While we seriously disapprove of such action, we will *not hold this against the investors,*" he said. "But we do urge them to use their influence and power to convince the policymakers in their home countries that such anti-South African actions are counter-productive and self-defeating."

Mr. Heunis is taking no chances. Late last year he invoked sweeping powers under the National Supplies Procurement Act which allow him to commandeer factories, seize production and compel managers to hand over technical data if this is deemed in the national *interest.*

Is a mass exodus of foreign firms likely? Probably not, so long as there is no further domestic crisis, such as the Soweto unrest or last October's security clampdown, which would dramatically increase the pressures for withdrawal. With the economy showing the first signs of emerging from a 45-month recession, the prospect of more profitable trading will doubtless encourage many companies to stay put for the time being.

Another important factor is the attitude of the large multinationals. Mr. Henry Ford's firm support of his company's continued presence in South Africa during his visit here in January calmed the nerves of many smaller investors.

While the chances of a stampede out of the country are slim at *present*, so is the prospect of significant new investment from abroad. This will only materialise once the economy is firmly on its feet and the threat of widespread violence in Southern Africa recedes. The former depends of course, to a large extent, on the latter.

Japan allows increase in foreign 'swap quota'

By Charles Smith

TOKYO, May 24.

THE Bank of Japan today increased the amount of the foreign banks yen "swap quota" by an estimated $500m from $2.6bn to $3.1bn.

The swap quota determines the amount of foreign currency foreign banks may bring into Japan for conversion into yen and lending to Japanese clients. The overall quota is divided into a series of individual quotas for *each bank with large amounts* for long established banks and relatively small quotas for more recently established foreign bank branches.

Individual quotas are supposed to be confidential. The Bank of Japan today even refrained from *confirming the overall amount of* the increase although this is generally understood to be of the order of $500m.

Foreign banks have been pressing for an increase in the dollar denominated swap quota so as to offset the effect of dollar devaluation over the past year on the amount of yen yielded by the swap process. The Bank of Japan appears, in effect, to have granted this request, but not much more. The BOJ, however, would also seem to have been relatively generous to some newly established (including British) banks *in its distribution of the overall quota increase.*

The swap quota has been valued in the past as the cheapest means by which foreign banks can fund their Japanese lending operations. This attraction has faded with the decline of interest rates *in Japan, but* restrictions on the foreign bank's ability to raise yen funds in the Japanese money market mean that the swap quota is still important.

The Bank of Japan denied this afternoon that it has also decided to withdraw controls imposed in March on the purchase of short and medium term bonds by expatriates. This and the reduction of the present 100 per cent deposit requirement on foreign held free yen requirements are believed to be under consideration at the bank. It would appear *that BOJ intends* to study the effects of the quota increase on the yen-dollar exchange rate before making any further moves.

● Meanwhile, Saudi Arabia's oil and Mineral Resources Minister Sheikh Ahmed *Zaki Yamani* said his country has guaranteed Japan long-term supplies of crude oil, the Japan Broadcasting Corporation (NHK) has said.

NHK said Sheikh Yamani made the statement in an interview with two of its correspondents *in Saudi Arabia.*

Yamani was quoted as saying Japan's prosperity was important to Saudi Arabia and crude oil would be supplied to Japan in proportion to its technical co-operation in Saudi Arabia's industrialisation.

Reuter

AMERICAN NEWS

World oil shortage in next two decades is 'unlikely'

BY DAVID BELL

WASHINGTON, May 24

THERE IS unlikely to be any shortage of oil in the next two decades, according to a new report by the World Bank. But the amount produced will depend in part, on the rate of exploration in developing countries that may have as much as 40 per cent of the world's undiscovered *reserves.*

At present, non-OPEC developing countries produce but a fraction of the world's oil—some 3m. barrels a day compared to the 30m. a day output of OPEC. But Dr. Efrain Friedmann, an energy expert in the Bank, said at a briefing yesterday that these same countries may *well hold the* key to the future expansion of oil supplies.

The Bank reckons that some 60 developing countries, including some of the world's poorest, could produce oil or gas and that the developing world as a whole should be able substantially to reduce its energy import bill by 1990.

It has launched a major drive to help countries develop indigenous supplies and plans to support about 30 projects in the next five years.

Dr. Friedmann said the Bank *hopes to act as* a catalyst in advising countries how best to develop their own resources, but that it will not usually finance actual drilling for oil and gas.

He noted that all oil supply and demand projections need to be heavily qualified, but he said that latest studies indicated that the world may have substantially more undiscovered reserves than *the two trillion (million million)* barrels currently estimated to be the total extent of both discovered and undiscovered supplies. Of this figure some 600bn. barrels are actually proven reserves.

Dr. Friedmann said latest *estimates* suggest that the possible world figure may be closer to five trillion barrels and that the Russians' estimate that the figure may be as high as 11 trillion. Five trillion barrels, used at current rates of consumption, might last for 100 years.

Relying partly on recent studies by the U.S. Geological Survey, and partly on other unpublished estimates, Dr. Friedmann said "Vast sedimentary areas" that may contain 75 per cent of Latin America's petroleum resources, 80 per cent of those in Africa, and 95 per cent of those in Asia and the Far East, have yet to be explored. In an intensive way.

Particularly promising areas included the offshore areas of Mexico, Brazil, Argentina, the West Coast of Africa from Senegal to Namibia, India, Bangladesh, Guatemala, Thailand and Vietnam. The Bank estimates that developing these reserves between now and 1985 is going to cost $68bn at 1977 prices, but that oil companies and others may be willing to spend sums of this magnitude in the developing world.

Dr. Friedman *cited Mexico* as an example of the speed at which oil can transform the prospects of a non-oil developing nation. "It is possible, according to some estimates, that Mexico could be a second Saudi Arabia by 1980" he said, noting that since 1970 some 17bn barrels of oil have been found onshore in Mexico, half the proven reserves of the U.S.

Some estimates suggested that by the end of the 1980s Mexico might have proven reserves of 60bn barrels which would make it one of the world's major producers. By 1980, *if* Mexico meets its target of exporting about 1m. barrels of oil and associated gas a day it will earn $8bn at present prices, or 50 per cent more than the total cost of all its imports last year.

Despite this optimistic supply picture, however, Dr. Friedmann noted that it is unlikely to have much effect on the price. Even if developing countries can increase their production to 10.5m barrels a day by 1990, OPEC will still have to provide between 7m and 14m more barrels a day than it is currently producing to meet extra demand, even allowing for more modest economic growth rates than those in the sixties.

And there are not very many signs that the industrialised world will itself find new oil supplies so that its dependence on imported energy will not *diminish* and the balance of payments effects will continue to be severe.

More energy Bill delays likely

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 24.

THE PROSPECTS for early Congressional passage of President Carter's energy Bill remain remote today even after last night's partial acceptance of a compromise on natural gas prices and deregulation by the House *members of the joint conference* committee.

The general view on Capitol Hill is that floor action by both the House and the Senate on the energy Bill is unlikely to take place for at least another couple of months and that, even then, there is no guarantee that the package will be approved in something approximating its current form.

It is agreed that the acceptance by the House conferees of the natural gas compromise after six months of endless and bitter debate is an important step forward. But the very closeness of the vote — 13 to 12 — presages a tough fight in the full House.

Moreover, a key vote for the compromise was delivered by Congressman Henry Reuss, the Wisconsin Democrat, on the assumption that the fifth part of *the President's energy Bill proposals* — the equalisation tax on crude oil — will not be enacted. While it is often said that the crude oil tax is dead, it is also true that it has barely been considered by either the House or Senate conferees so far and has not recently been pressed by the Administration. Changes in Congressional sentiment on the issue could yet occur.

Later today the House conferees will meet their Senate counterparts to discuss the natural gas compromise in what will be only their second joint session of the year. Probably later this week the Senate conferees will also vote on the compromise. It is reliably reported that they will back it by a 10 to 7 vote.

Assuming this takes place, another month at a minimum will then elapse while the compromise is drafted into legislative language, incorporating the first three parts of the energy Bill (covering coal conversion, conservation and utility rate reform, which have already been accepted) but not including the still-unresolved crude oil tax question.

There is a chance that the tax aspects of the energy Bill could later be added to its other parts, but this would clearly be a complicating factor creating yet further delays.

Once the Bills have been drafted, the Senate is likely to take them up first. But the Senate calendar is very crowded after the protracted Panama Canal debate and opponents of the proposed labour law reform are currently conducting a determined filibuster. Indeed, opponents of the energy Bill are already threatening another filibuster when it comes up.

The House will probably wait to see what the Senate does. The House was from the outset much more favourbly inclined to the energy Bill than the Senate, but many Congressional observers feel that that support has waned in the interminable wranglings of the past year. Moreover the Senate version of the energy Bill, even if passed, is certain to contain provisions that the House will have difficulty accepting.

Differences between the two sides, assuming both chambers pass Bills, would then have to be resolved once more by the joint conference committee, whose capacity for speedy action is in doubt, as the delays to date demonstrate.

The Administration's leverage over the Congress on the energy Bill does not appear to be great, although it will be pleased by the conferees' acceptance of the natural gas compromise which it had strongly supported. Still on the table is the President's threat to impose either higher import fees or quotas on foreign crude if Congress continues to drag its feet.

This is a weapon the Administration is clearly loth to use. Many Congressmen, contemplating their re-election chances, would probably prefer it to be used, since it would clearly saddle the President with the responsibility for any increase in domestic fuel prices and relieve Congress of the blame in the eyes of the electorate.

Fears of Angola intervention

BY OUR OWN CORRESPONDENT

WASHINGTON, May 24.

PRESIDENT CARTER has not yet decided whether to ask Congress to remove existing restrictions which specifically bar the U.S. from intervening *in Angola, Mr. Jody Powell*, his Press Secretary, said today.

Mr. Powell confirmed that Admiral Stansfield Turner, the head of the CIA, and Mr. David Aaron, the deputy head of the National Security Council, had approached Senators in recent weeks outlining ways in which the U.S. might channel aid to opponents of the MPLA Government in Angola, which is receiving strong Soviet and Cuban backing.

Senator Dick Clark, the leading Africa expert in the Senate, said this morning that this and other actions by the Administration had led him to conclude that it was "increasingly clear that President Carter has made the decision to re-involve the U.S. in the Angolan civil war." Late in 1975 the Senate accepted a measure sponsored by Mr. Clark which blocked all further aid to any group in Angola after Dr. Hnery Kissinger, the former Secretary of State, urged the Senate to send more assistance to *Unita* and *FNLA* forces there.

But Mr. Powell insisted today that the President has made no decision about Angola and that he did not even know that Admiral Turner and Mr. Aaron had raised the issue on Capitol Hill. He said it was proper for senior officials to sound out members of Congress in this way and to "run past them" some of the proposals under study.

However, Senators who met Mr. Carter yesterday at the White House quoted him as clearly implying that he wanted to see the restrictions removed, although he never actually said as much.

Some members of the Administration, particularly in the CIA and the National Security Council, favour sending aid to Jonas Savimbi, the Unita leader, *so that he can intensify* his fight against the MPLA Government.

But Senator Clark and others fear that this kind of intervention would inevitably backfire, would involve the U.S. in a "quagmire" and be a return to the kind of politics of intervention which up to now the Administration has successfully eschewed. At the same time the Senator feels that U.S. intervention might actually make little difference in the Angolan situation and would not therefore even achieve its limited aims.

Canadian $ row widens

BY VICTOR MACKIE

OTTAWA, May 24.

MR. RONALD BASFORD, the Canadian Justice Minister, has called on Conservative finance spokesman Mr. Sinclair Stevens to substantiate or withdraw his "reckless" allegations that Liberal MPs, including some Cabinet Ministers, speculated on the falling Canadian dollar.

In the Commons, Prime Minister Pierre Trudeau condemned Mr. Stevens for making what he said were unsubstantiated charges that reflected on all MPs.

Mr. Stevens was absent from *the Commons yesterday* but sent word he would be present to-day when the Justice Minister will introduce a motion to have the allegations made by Mr. Stevens referred to the Commons' Committee on Privileges and Elections.

That motion will *be introduced* if the Speaker, Mr. James Jerome, finds there has been a breach of privilege.

In the meantime, Mr. Allan MacEachen, the Health Minister, announced to-day he will introduce conflict of interest legislation that had been delayed for five years *into the Commons* "very quickly."

Robert Gibbens writes from Montreal: Hopes for settling the two-month old iron ore workers' strike in north-eastern Quebec and Labrador slimmed with the rejection yesterday by 2,200 United Steelworkers' members at Labrador City of the latest offer by the Iron Ore Company of Canada.

The mines straddle the Quebec-Labrador border and the strike over health and safety issues, plus wages, has affected four mining companies and a total of about 10,000 workers.

Schmidt starts U.S. visit today

BY JONATHAN CARR

BONN, May 24.

HERR HELMUT SCHMIDT, the West German Chancellor, leaves here tomorrow for a visit to the U.S. amid clear signs of a greatly improved atmosphere in bilateral relations.

Herr Schmidt's chief official tasks will be to address the UN General Assembly's special session on disarmament in New York this week and to attend the NATO summit in Washington next week.

He is expected to meet President Carter for talks covering economic matters in preparation for the western economic summit in Bonn in July. The two leaders are also expected to discuss nuclear policy.

In advance of the July meeting, the West German side has been doing everything possible to remove irritations in relations *with the U.S., and the* Americans appear to have responded in kind.

Herr Schmidt has recently spoken out trenchantly in favour of a stronger leadership role from the U.S., but his public criticism has been aimed at Congress and some business circles for blocking initiatives by President Carter, not at the initiatives themselves.

West German officials recently in Washington have returned with the impression that members of the U.S. administration now have a much clearer understanding of the German view on economic growth, the weakening of the dollar and related trade problems.

This applies in particular to Mr. Michael Blumenthal, the Treasury Secretary. The important question now for Bonn is how far Mr Blumenthal's views are shared by Mr. Carter.

Blumenthal says change in $ role 'no solution'

WASHINGTON, May 24.

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, said a change in the role of the dollar as a reserve currency is not a "solution to the difficulties the dollar has faced."

"We do not look to a revision of the international monetary system or to a change in the dollar's role in that system or to other devices such as the introduction of a substitution account to replace dollars with SDRs as a solution to the difficulties the dollar has faced," Mr. Blumenthal told the International Monetary conference in Mexico City. A text of his talk was released here.

"The decline in the dollar's exchange rate which occurred during the latter part of last year and early months of this year had little to do with the dollar's reserve currency role," Mr. Blumenthal said.

He cited the large current account deficit, high inflation, faster growth of the U.S. economy relative to others and lack of sufficient growth in exports as reasons for the dollar's weakness.

"In fact, there was not a lot of shifting of reserves out of dollars during those months," he said.

AP-DJ

Paper industry pay talks under attack

By John Wyles

NEW YORK, May 24.

PAY NEGOTIATIONS in the U.S. paper manufacturing industry have emerged as the first target of the Carter Administration's bid to hold down the rate of wage increases.

Talks between 23 paper *companies* and the Western Pulp and Paper Workers were singled out as a cause of concern by President Carter's inflation fighter, Mr. Robert Strauss, last week. This was followed up yesterday by a sharp attack on the union's *claim* and the employers' offer by Mr. Barry Bosworth, chairman of the Council on Wage and Price Stability.

He called the union's claim for a two-year contract yielding 30 per cent rises "outsized and alarming and about twice the size of average wage increases in this country today."

The employers' offer, said Mr. Bosworth, was "clearly inflationary" as it proposed a three-year contract giving 9½ per cent in the first year, 8½ per cent in the second and 7½ per cent in the third. Mr. Bosworth had been stung into public comment after two of his staff had met union leaders in Portland, Oregon, but had failed to persuade them to moderate their demands.

This broadside underlines the Administration's difficulty monitoring nation-wide pay talks and persuading unions to take a more optimistic view of the inflationary outlook by lowering their demands. The Administration's aim is to exert pressure on both sides of industry *before they sit* down to negotiate, but the paper negotiations had clearly got away.

The size of the problem now facing the President on the pay front is underscored by recent statistics showing that in the first quarter major collective agreements provided 9.9 per cent rises for the first year of a contract, compared to 7.3 per cent average in 1977. Although the figure is a little distorted by the pacesetting miners' settlement, manufacturing rises for the first year of a contract averaged 9.4 per cent and non-manufacturing 10.2 per cent compared with 7.4 per cent last year.

The major test for the Administration will be the outcome of *negotiations in the* current quarter covering 1.1m workers.

Charge against Argentina over export to Chile

By Robert Lindley

BUENOS AIRES, May 24.

THE PRO-GOVERNMENT Chilean daily newspaper El Mercurio, of Santiago, has claimed that, for reasons of "national security," the Argentine government has implemented a law which "discriminates against Chile" as regards the export of "strategic materials for military use."

The El Mercurio report, by a correspondent who has just visited Argentina, would seem to be borne out by an Argentine official decree of May 19 obliging exporters of strategic products to petition the Commerce and International Economic Negotiations Secretariat in the form of a sworn statement giving the characteristics of the products. Ultimately, the Defence Ministry will approve or disapprove the exports.

The boundary dispute over the Beagle Channel near Cape Horn between Chile and Argentina still threatens war, notwithstanding the fact that *the dispute* now is being negotiated by a bi-national committee.

U.S. COMPANY NEWS

New Bidder for Dymo; General Foods halts profit decline; *Doubts over Lykes-LTV link*—Page 29.

WORLD TRADE NEWS

Japan and UK sign £500m nuclear reprocessing pact

BY DOUGLAS RAMSEY

TOKYO, May 24.

TWO YEARS after the "nuclear dustbin" controversy erupted in Britain, Japanese utility companies today signed a £500m agreement for the transport to and reprocessing of spent nuclear fuel in Britain.

Signing the agreement on behalf of the British Nuclear Fuels (BNFL), its chairman, Sir John Hill, called the contracts "a significant step forward in international collaboration in atomic energy, particularly collaboration between Japan, France and the UK."

The Japanese utilities, led by Mr. Hiraiwa of Tokyo Electric Power Company, concluded a contract of similar size with the French nuclear reprocessing industry last September before BNFL had the final go-ahead from the British Government to proceed with the contract.

In a speech at the offices of the Federation of Electric Power Companies this morning, Sir John said BNFL "greatly regretted not being able to sign these contracts on September 30 when a similar ceremony was held in this room with COGEMA (the French reprocessing company."

Speaking of the multiple delays caused by the Windscale inquiry, the report by Mr. Justice Parker, and two debates in Parliament, Sir John said they produced "more than a complete vindication of the case that we put for the construction of an oxide reprocessing plant at Windscale."

The reprocessing contracts, first mooted in 1975, are designed to meet Japan's reprocessing needs in the 1980s. The BNFL contract, moreover, will let the British company proceed with construction of a new reprocessing plant in Cumbria.

The thermal oxide reprocessing plant to be built alongside the existing Windscale reprocessing plant will have a capacity ot reprocess some 6,000 tonnes over 10 years.

The Japanese contract alone accounts for 1,600 tonnes of reprocessing work and an equivalent amount will be reprocessed by COGEMA in France.

The Japanese contract with BNFL was signed today by Sir John as well as BNFL's managing director, Mr. Con Allday, as well as the president of the nine private electric power companie and the Japan Atomic Power Company. The reprocessing contract itself is worth about £300m at current prices.

In fact, the contract takes the form of two separate agreemeits—one on transport, the other on reprocessing. The transport pact is estimated to be worth £200m at present-day prices to the owners of Pacific Nuclear Transport (75 per cent owned by BNFL and the rest by Japanese shareholders.

The shipments of spent fuel include the 1,600 tonnes for BNFL and 1,600 tonnes for COGENA in France, and deliveries will take place over a nine-year period beginning in 1982.

Sir John suggested today that COGENA may soon secure a stake in the transport company which at present handles all the spent nuclear fuel from British-built Japanese reactors reprocessed at the Windscale plant.

The fuel will arrive over a nine-year period and once the spent fuel is reprocessed the waste will be turned into glass.

WORLD TEXTILES

In search of guidance

BY RHYS DAVID

TO STAGE an international conference on textiles at present is a brave move, as the British Textile Confederation may soon find out. For while protestionist measures in all industries, not least textiles, are growing, today's gathering at Heathrow, where representatives of the Hong Kong and Indian industries will confront their Western European counterparts and importers from Britain and the Continent meet domestic manufacturers, seems as likely to produce hostile glances as renewed co-operation.

The world textile industry, however, is in considerable uncertainty and for many of the delegates the conference fee will have been well spent if Viscount Davignon, the European Industry Commissioner, or any of the other speakers can offer at least some guidance on how the industry will fare over the next few years.

Behind the uncertainty lies weak demand in most parts of the world. Hopes that last year might see the start of a sustained growth in consumer demand for textiles proved again too optimistic.

But, for the European representatives in particular, two other key issues are also likely to figure during the two days of discussions: the degree of determination with which the EEC will be prepared to maintain the tight agreements reached with supplier countries in the recent GATT Multi Fibre Arrangement (MFA); and the chances of securing within Europe a co-ordinated industrial policy for textiles to accompany the commercial policy enshrined in the MFA.

On the first of those, the optimism expressed at the turn of the year after the MFA agreements has given way to renewed nervousness over the Commission's attitude, and Viscount Davignon is likely to be pressed strongly for assurances. The main cause for concern remains the position of the EEC's Mediterranean associates: in particular Spain, Portugal, Greece and Turkey, all of which are substantially involved in textile production.

Because of their associate status, those countries were excluded from the MFA agreements but were asked instead to agree voluntarily to restrict imports to the EEC. All have been reluctant to give undertakings, and a big concession to Portugal appears to have been given by the Commission.

The industry in Europe is anxious to clear up weaknesses quickly, as it is under pressure from the commission to draw up an industrial policy for textiles, or face having its future decided for it in Brussels.

The MFA agreements were seen essentially by the European Commission and the member Governments as offering textiles a breathing space to re-organise for much tougher international competition, and the industry can clearly expect little sympathy when the present agreement is re-negotiated in 1981 if its structure and difficulties remain much the same.

The commission has made known that it would like views from the industry on necessary changes, and in two sectors, fibres and tights, action is proposed or being considered. In fibres, where massive losses have been accumulating as a result of over-capacity, producers are expected shortly to agree to reduce capacity, if the commission's competitions directorate agrees. In tights, the producers are shortly to begin an inquiry into ways of dealing with over-production.

Action in both sectors has been precipitated, however, by severe difficulties, and elsewhere, where obstacles have been smaller, it may be harder to achieve co-ordinated action. One big stumbling-block continues to be the reluctance of the German industry to countenance measures that appear to imply any attempt to interfere with free market forces.

A request is believed to have been made for Community financial support for that so that in planning ahead the industry in the Community will at least start with as much information on production, market size and total imports as its counterparts in unified markets such as the U.S. or Japan.

The crucial issue, however, is how far the Commission should become involved in helping individual sectors to draw up strategies and the extent to which it should try to encourage certain patterns of development. The current idea being floated is the somewhat weaker one that the Community should help to finance analyses of prospects for sectors, but those would act only as guidelines.

It is an approach that may be considered rather timid, given the urgency with which the industry has been pressing for a period of stability for the chief task of rationalising its structure. Whether Viscount Davignon thinks so too may become apparent today.

Demand up for Dutch companies

By Charles Batchelor

AMSTERDAM, May 24.

INCOMING ORDERS booked by Dutch companies rose for the second month running in April, with demand from abroad increasing strongly. The results, shown in the latest assessment of business opinion compiled by the Central Statistics Office, mark a reversal of the trend of thefi rst two months of 1978, when businessmen reported declining orders and a slump in exports.

Figures for foreign trade are not yet available for March and April, but thefi rst two months of the year showed a cumulative deficit on vsibles of Fl 272m ($120m).

The upturn in demand was most marked in metal investment goods and metal and chemical consumer goods. Despite the increase in new orders, the index of orders in terms of workq yet to be carried out fell to 103 from 104 during the month and was also lower than the 106 figure in April, 1977.

Companies reported more activity during April but forecast little improvement over the three months to the end of July.

● Holland plans to extend aid to Dutch shipowners for a further two years when the present scheme expires on July 1. The Government will provide a 15 per cent investment subsidy on new vessels and a special investment premium of 5.5 per cent, spread over five years, the Ministers of Transport and Economic and Social Affairs said.

The investment premiums will be granted on a broad range of merchant vessels, tugs, salvage, fishing and sea-going dredging and offshore vessels. The aim is to encourage shipowners to place orders with Dutch yards and employ Dutch crews.

Aid is being continued because the assistance given over the past two years has been insufficient to modernise the Dutch fleet, particularly the larger merchant vessels, although it stimulated investment of Fl 3bn ($1.32bn).

New foreign currency finance deal for Hong Kong railway

BY MARGARET HUGHES

LAZARD BROTHERS and Schroders and Chartered Hong Kong have concluded the first foreign currency buyer-credit deal which is denominated in the currency of the buyer and is supported by the Export Credits Guarantee Department.

Today's HK$240m (about £25m) loan is to finance an additional 70 rail cars to be supplied by Metro Cammell to the Hong Kong Mass Transit Railway Corporation for its rail system now under construction.

As a result of meetings in Hong Kong last October Lazards was selected as the bank which was to arrange the finance for any future UK export finance business related to the mass transit system.

The loan will finance an extension of a contract awarded to Metro Cammell for the supply of rail cars for the first stage of the project. The company has already supplied 140 cars and the MTRC has now exercised its option on a further 70. A separate contract for the supply of 150 rail cars for the second stage of the mass transit project will be put to international tender within the next few months.

This is the first British buyer credit to be financed in Hong Kong dollars and indeed the first to be financed in any currency other than U.S. dollars since the foreign currency scheme was first introduced.

Because there is no significant international market in Hong Kong dollars the local bank involved in the deal—Schroders and Chartered (acting on behalf of the Chartered Bank)—has agreed to provide the necessary funds for the duration of the loan.

ECGD claims that the credit complies with the consensus on export credits, classifying Hong Kong as an "intermediate" country, at an interest rate of 7.75 per cent to the borrower and a loan maturity of 8½ years after commissioning, giving, in this case, a full term of 11 years.

The lending banks will receive a margin over the Hong Kong prime rate. Currently the prime rate is around 4¾ per cent, compared with a LIBOR rate of about 8 per cent, had the deal been financed in dollars raised on the Euromarket.

This means that on current rates ECGD, far from having to provide an interest rate subsidy — the difference between fixed export credit rates and market rates—will actually make a profit on the interest rate differential.

In addition ECGD has no responsibility for taking over this loan at any stage as lender of last resort should the lending bank be unable to provide the full financing—a commitment which it would have to meet were the loan financed in U.S. dollars or D-Marks.

The first of the 210 rail cars ordered by the Hong Kong Mass Transit Railway Corporation from Metro Cammell of Birmingham arrived in Hong Kong last week. It is estimated that British contracts for the first phase of the project have provided employment for over four years for 3,500 people in the UK railway equipment industry.

These two factors are understood to have been key elements in getting ECGD to guarantee a loan in the domestic currency of the buyer.

A bridging facility of U.S.$25m is being provided to the MTRC by Standard Chartered Bank, giving added flexibility in funding the buyer credit.

The deal is being financed in Hong Kong dollars because the borrower, the MTRC, was anxious that this and as many other contracts as possible for further stages of the project be financed in local currency—the same currency as its eventual income—to eliminate the exchange risk.

This is largely why Lazards was chosen to arrange the financing. It made proposals for Hong Kong dollar financing when it acted as adviser to the Department of Industry for the Kowloon Electricity Supply Company power contract awarded to GEC and Babcock and Wilcox.

In the event this contract was ultimately financed in U.S. dollars with Schroders as bankers, the Kowloon Electricity Supply Company arranging the $390m export credit financing.

On the current agreement, Hong Kong dollars will be converted by the MTRC into U.S. dollars which will then be paid to the contractor, which will have sold them forward for sterling. Insofar as the forward contracts for the sale of U.S. dollars matures before the contractor is entitled to payment for work done, the sterling proceeds will be held on deposit in London with interest going to the MTRC.

Metro Cammell said the financing was crucial in winning the extension of its existing contract. On the one hand it was able to finance the deal in Hong Kong dollars, though this was largely because the buyer had effectively nominated Lazards as bankers to arrange the financing. The understanding is that all these deals will be financed in Hong Kong dollars.

But, equally important, Metro Cammell tok out ECGD tender-to-contract and cost escalation cover, protecting Metro Cammell from violent currency movements and giving comfort to the mass transit corporation on inflation in the UK. Together these allowed it to make a more attractive offer for the rail cars order and illustrated the value of ECGD's flexibility.

Foreign currency deals supported by ECGD now amount to £1.45bn., with Morgan Grenfell ($391m.), Schroder Wagg ($390m.) and Lloyds ($197m.) the prominent leading lenders in syndicated loans bracketed. Although Lloyds has provided around 25 per cent. of total funds, the value of loans in which it has acted as leading lender is considerably less.

Indonesia granted $2.5bn aid

An international aid consortium has granted Indonesia $2.5bn to finance development projects over the next 12 months, AP-DJ reports from Amsterdam.

The Inter-Governmental Group on Indonesia (IGGI), comprising 13 donor nations including the U.S., also the World Bank, International Monetary Fund and Asia Development Bank, announced the allocation at its annual meeting in Amsterdam.

UK £1m contracts

Aurora Holdings subsidiaries have won three orders to supply equipment with a total of about £1m. for the new Acominas steel mill in Brazil, through Davy International group companies, a Financial Times Reporter writes. They include billet and bloom grinding and inspection equipment, blast furnace parts and lifting magnets.

Kenya ship handover

Kenya today handed over to Tanzania three lake ships, part of the assets of East African Railways Corporation, which broke up on the collapse of the East African Community, John Worrall writes from Nairobi. It is regarded as a hopeful sign that Tanzania may soon reopen its border with Kenya.

Polish $300m credit

Italian Foreign Trade Minister Rinaldo Ossola has signed an agreement with his Polish counterpart Jerzy Olszewski for a $300m loan over five years to Poland to buy Italian machinery and equipment, Reuter reports from Warsaw. It brought the total of credits from Italy to Poland over the past four years to $1.2bn.

Toshiba generators

Toshiba has won a Y22bn order from New South Wales Electricity Commission of Australia for two 660,000-kilowatt steam turbine generators, Reuter reports from Tokyo.

Swan Hunter wins work on cruiser

BY MICHAEL DONNE AND LYNTON McLAIN

SWAN HUNTER, of Wallsend-on-Tyne, has been given a limited pre-production planning contract for the third of the Navy's new class of anti-submarine cruiser, together with authorisation to procure long lead-time equipment for the vessel.

But the Ministry of Defence, announcing this yesterday, was careful not to commit itself to finally granting Swan Hunter the full contract for building the ship, estimated to amount to at least £130m.

The Ministry said it planned to open contract negotiations soon and, subject to satisfactory agreement, hoped to place the order early next year.

But it also made it clear that most of the work to be done under the present contract could still be used by another shipbuilder if it were decided not to give the order to Swan Hunter.

Swan Hunter has every reason to want this latest order. The yard suffered a serious blow when Mr. Michael Casey chief executive of British Shipbuilders, reallocated the group's share of the order for ships for Poland, when workers at the yard failed to agree to work normally on the contract.

But yesterday's announcement falls far short of acknowledging that the Government is fully satisfied about future working at the yard.

If Swan Hunter wins the full order it would provide 3,000 jobs for six years.

Swan Hunter said that the order placed with it included: preparing a programme and planning the construction of the ship and ordering steel and other long-lead items.

Mr. G. E. Steel, chief executive of the company, said: "We are naturally delighted to receive this involvement contract for which we and British Shipbuilders have been negotiating for some time.

"While it does not guarantee that we will obtain the contract to build the ship, it is a significant step forward in that direction, and I trust we can justify the confidence placed in us and secure the construction contract."

Mention was not made yesterday of a timetable for building the ship, but work could start on the hull within months—if Swan Hunter is given the full go-ahead.

Mr. Casey said that he had agreed that the contract should go to the Tyne. He would not have done so if he did not believe the undertakings on normal working that he had been given by the workforce.

He intended to see that the Tyne delivered the best job on time. The existing through-deck cruiser, Illustrious, which had been under construction for 24 months, was on schedule.

R-R engines

The first anti-submarine cruiser, Invincible, is being built at Barrow-in-Furness by Vickers. It was ordered in 1973, and was launched last year. It is due to join the fleet by about 1980. The second ship, Illustrious, will join the fleet in the early 1980s.

Each vessel is 16,000 tons, is powered by Rolls-Royce gas turbine engines and equipped with the latest communications and navigation aids. The ships are designed to use Sea King anti-submarine warfare helicopters and Sea Harrier vertical take-off jet aircraft and also will carry the Sea-Dart air-defence missile system.

The name of the ship planned is not settled but it is generally believed that it will be called the Indomitable.

While the initial construction cost is expected to be about £130m, the provision of the complex radar and other electronic gear is likely to raise the total cost of the in-service vessel to about £200m.

Thus, in addition to Swan Hunter, or whoever wins the final order, many companies throughout British industry will benefit from the work, providing further employment for thousands.

● The Ministry also announced yesterday a further order for 10 British Aerospace Sea Harrier vertical take-off aircraft, worth more than £30m. These will supplement the 25 Sea Harriers on order, for delivery in 1980, and will ensure that the Navy's three anti-submarine cruisers will be equipped with Sea Harriers through to the 1990s.

The order, in addition to providing work for British Aerospace's aircraft group at Kingston, Brough, Hamble and Dunsford in Surrey, will also provide work for Rolls-Royce's Bristol factory where the aircraft's Pegasus engines are built, and for many component and equipment companies.

COLINA MACDOUGALL JOINS CHINESE MISSION'S VISIT TO SCUNTHORPE

Comradely praise for British Steel

MR. TANG KE, China's Metallurgy Industry Minister, yesterday praised the results of British Steel's efforts to improve capacity by enhancing old plant.

He spoke after touring the Normanby Park rolling mill at Scunthorpe.

Old equipment from the Redbourne works was used with sophisticated automation to set up a highly productive plant costing only £40m.

Mr. Tang and his mission are on a two-week tour of British Steel plants.

Mr. Tang also referred to his interest in the experimental formed coke plant, which uses non-coking coal to produce briquettes which can be used effectively in steelmaking. Another member said that the mission's main interests throughout its British trip had been in the formed coke process, pipeline charging of coke ovens and the Bell-less top system of blast furnaces.

Mr. Tang said that China's main problems in the steel industry were on the mining side and in modernising steel making. It would be necessary to expand steelmaking by building new plant and expanding others.

He confirmed that a deal with Japan is already under way for the supply of a 6m. ton steel complex near Shanghai, due to be completed within three years.

This will be supplied initially with Australian iron ore. The rest of the industry's expansion would be built mainly on existing steelmaking sites, partly by judicious buying of foreign equipment.

The mission included Mr. Ma Pin, a vice-minister of the metallurgical industry, who is also the general manager of China's largest steel plant at Anshan, which has an estimated 6m-ton annual output.

Anshan—started originally by the Japanese in the 1930s because it is near sources of iron ore and coal, and supplemented with Soviet equipment in the 1950s—seems a prime customer for imported equipment.

China's second largest steel complex, at Shanghai, with an estimated output of more than 4m tons, will benefit from the projected Japanese plant which will supply billets and blooms to the city's finishing industry.

The mission also included a vice-minister of the state capital construction commission, four vice-ministers of the metallurgical industry, the managing director of the Taiyuan steel plant, and senior officials from the planning commission and the Chinese Society of Metals.

Mr. Tang is only the second Chinese of full ministerial rank to visit Britain in recent years, and his presence, and that of so many other high-ranking delegates, shows the importance Peking attaches to the trip.

Pooled views

The mission has so far visited British Steelworks at Ravenscraig, Sheffield, Wales and Teesside, as well as several Sheffield private manufacturers.

The mission arrived in Britain from Austria where it had visited steelworks at Linz. China bought basic oxygen furnaces from the Austrian firm of Voest in the mid-60s.

The mission will later visit France, West Germany and Holland, so no decisions or purchases can be expected yet.

The other major Chinese delegation at present in Britain, led by Mr. Ku Ming, vice-minister in charge of the state capital construction commission, visited the British Steelworks at Redcar last Saturday and goes to France at the end of the week.

Some pooling of views will obviously have to take place once the missions return to Peking.

Much note-taking was in evidence among the Chinese during their day at Scunthorpe, both at the formed coke plant and at the new Dawes Lane coke oven complex.

These coke ovens are a new generation of equipment, using pipeline charging. One delegation member commented that China already operated a system of coke forming, though the process was different, using a fluidised bed instead of shafts for calcining.

Scunthorpe was chosen for the Chinese as the most modern British Steelworks. The itinerary was decided in consultation with the Chinese Embassy, and the delegation expressed some particular wishes about what it would like to see.

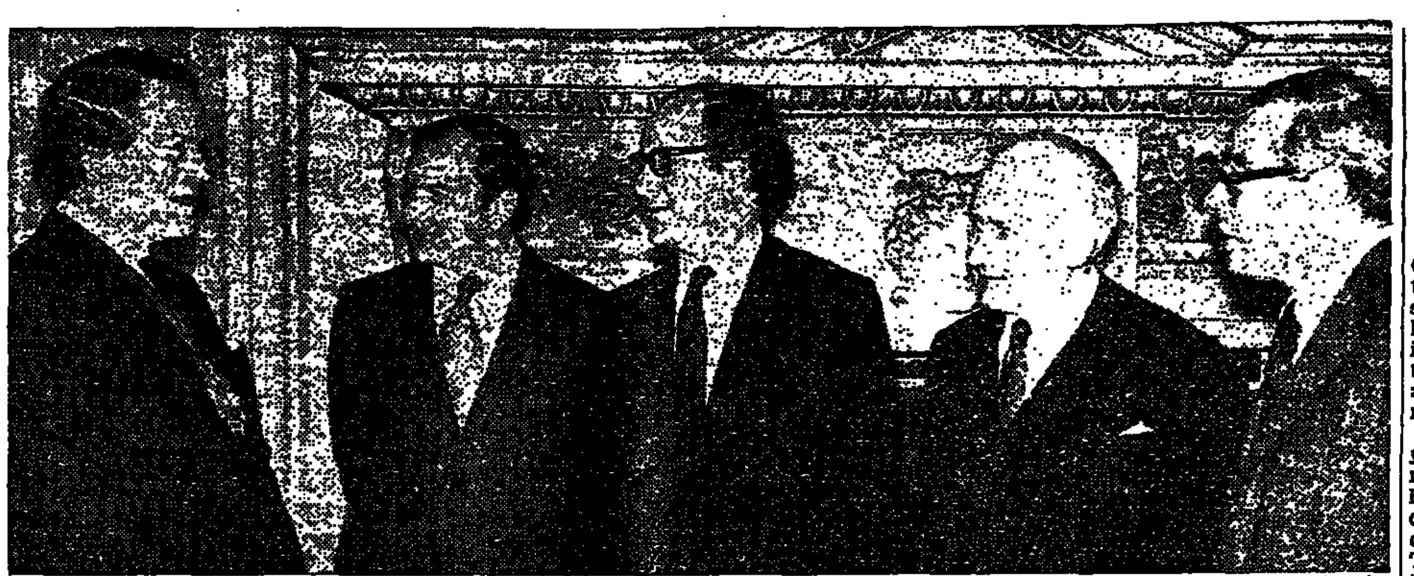
The plants chosen were of special interest because of the high level of automation involved and the group was clearly fascinated by the display panel in the control room at the Dawes Lane coke ovens.

One member of the present mission and other Chinese officials have been to the plant before, so the Chinese obviously feel they have something to learn from it.

In a discussion on the financing of purchases from abroad, during the visit, one delegate drew attention to the fact that, at the last Canton Fair, an official, Mr. Chia Shih, had said that China would now be prepared to accept project-related deposits made with the Bank of China.

Hitherto, the only forms of borrowing the Chinese would accept were deposits on the London inter-bank market or deferred payments in the form of supplier credits.

A more flexible policy on borrowing would make it much easier to sell capital equipment to the Chinese.



Ashley Ashwood

City has 'top role' in world banking

BY MICHAEL BLANDEN

LORD O'BRIEN, president of the British Bankers Association and former Governor of the Bank of England, yesterday said he hoped that the City of London would continue to be an international financial centre of the first order.

In the last 15 years the number of foreign banks represented in the City had quadrupled—the growth being associated with the rapid expansion of the Eurocurrency markets and the related changes in the development of international banking.

Lord O'Brien was speaking at a Mansion House lunch organised by the Financial Times for representatives of the foreign banking community in London.

The international banks had brought immense benefits, and never more so than in coping with the effects of the oil price rises, he added.

Pictured above (from the left) Sir Peter Vanneck, the Lord Mayor, Mr. Samuel Armacost, Bank of America executive vice-president, Mr. Alan Hare, Financial Times chairman and chief executive, Lord O'Brien and Mr. Fredy Fisher, Financial Times editor.

CBI plans campaign against White Paper

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GOVERNMENT plans for legislation to create a two-tier board structure for companies are likely to be opposed by leading industrialists on the grounds that they would blur responsibilities and reduce the efficiency of top management.

This emerged from a meeting yesterday of the companies committee of the Confederation of British Industry which, under the chairmanship of Lord Plowden, considered the proposals in Tuesday's White Paper on industrial democracy.

The White Paper, which mapped out plans for legislation on employee consultation and worker directors, also said the Government intended to legislate to allow companies to create the two-tier structure.

Worker directors, it said, could have up to one third of the seats on a top policy board whose shareholder representatives would include senior executives of the company. These executives would also belong to a lower-level management board responsible for day-to-day management of a company.

However, the confederation's industrialists felt yesterday that this would weaken the executive authority that exists in Britain's present unitary board system. They were worried that the policy board would wield power over a company's development while actual responsibility for management would have to be borne by the management board.

This could create divisions and hit at efficient management.

Committee members were also concerned that the White Paper's proposals might prove incompatible with existing company law and that it would not be feasible for worker directors to shoulder the full legal responsibilities of company directors.

These detailed objections from the company law experts on the committee are in addition to the confederation's general objections to the White Paper—which centre on opposition to trade union members having statutory rights to demand both consultation with employers and boardroom seats.

However, the confederation has yet to decide how big a battle to stage over the White Paper. It led the opposition last year to the Bullock Report and its campaign provided the basis for a successful membership recruitment campaign.

Many of its members, including many among the 500 the confederation has recruited in the past year, may want it to repeat its outright opposition against the White Paper.

On the other hand, some confederation leaders may opt for a low-key campaign aimed at maintaining general opposition until the next general election and at winning some more concessions from the Government in the meantime.

The Association of Independent Businesses, which represents small companies, yesterday backed ideas for employee participation but opposed legislation basing this on the trade unions.

"It would be a grave mistake to undo the excellent results which Harold Lever has so far obtained by burdening our sector with further bureacratisation," it declared.

Accountants oppose U.S. inspection

BY MICHAEL LAFFERTY

BRITAIN'S leading accounting firms may soon be forced to subject their audit procedures to independent reviews because of pressure from the U.S. Securities and Exchange Commission.

Significant proportion of UK audit business relates to subsidiaries of U.S. companies subject to the SEC's jurisdiction.

Recent Congressional and SEC moves in the U.S. have forced major American accounting firms to agree to so-called peer reviews.

This means that every U.S. accounting firm with an SEC-registered client must subject its quality control procedures to an independent review by independent accountants. Touche Ross, for example, has been reviewed by Price Waterhouse.

The SEC wants to extend the system to all the foreign associate offices of the U.S. auditors — where these are involved in the audit of a particular U.S. company.

The possibility of this happening has been discussed within the profession for some time, but the SEC this month stepped up pressure for action when its chairman, Mr. Harold Williams, addressed council members of the American Institute of Certified Accountants.

The chief accountants section of the SEC said yesterday that the agency was urging the foreign auditors to agree to peer reviews as quickly as possible. He hoped that some of these would have been done by 1979.

The SEC move has met strong opposition from the major UK firms.

Mr. David Rae Smith, senior partner of Deloitte, Haskins and Sells, doubted yesterday whether the SEC's writ should run in the UK.

"I question the whole validity of the peer review concept," he said.

Similar sentiments were expressed by Mr. John Grenside, senior partner of Peat Marwick Mitchell, as well as senior partners from Price Waterhouse and Coopers and Lybrand.

It is probable that no more than 20 per cent of these firms' audit fees come from U.S. work.

However, two other large British firms with a larger proportion of U.S. work — Touche Ross and Arthur Young McClellend Moores — appear less opposed to the idea, at least in principle.

AA plans £7.5m spending

THE Automobile Association will spend more than £7.5m. this year improving its road services and Relay car rescue, Professor Esmond Wright, honorary treasurer, told the annual meeting in London yesterday that operating profit in 1977 had been £1.27m. with further below-the-line capital profits of £545,425, making a total of £1.82m. for transfer to the capital fund.

Net assets had increased by about £5.5m. to £33.75m. More than £3m. of the increase was investment in premises, vehicles and equipment for the road service. He was greatly encouraged by the increase of 18 per cent in the turnover of commercial services. The AA would continue to monitor the results of those additional services.

Cadbury sells

Preston Candover, in the Candover Valley—consisting of a Queen Anne house and farmhouse, 12 cottages, a flat and about 1,000 acres, including an airstrip—is to be put on the market by Mr. Peter Cadbury. Knight Frank and Rutley, agents, expect more than £2m. to be realised. Mr. Cadbury is executive chairman of Westward TV, a director of ITN News and chairman of Alfred Hays.

Health cover

About 4 per cent of Britain's population is covered by some form of medical insurance and is making increasing use of that cover to opt out of the National Health Service and seek private treatment, Lee Donald Associates said in an annual survey.

Fares cut

New, lower fares between London and European capitals were announced by British Rail. Example: to Paris, the fare range is from £12 single and £18.50 for a three-day return during off-peak periods to a standard £18.50 single and £37 return valid two months during the peak July to September.

Coal record

Miners at Sherwood, near Mansfield, Notts., produced 27,461 tonnes of coal in five days — a record from a single face in a British mine.

Show sell-out

Every stand has been booked at the first London business equipment exhibition, to be held at the Cunard International hotel from October 24 to 27.

Jobless plea

The Government should consider a national scheme of work experience, coupled with some kind of industrial training, to alleviate unemployment, Mr. Hervey Stuart Black, chairman of General Accident, Fire and Life Assurance Corporation, said at his company's annual meeting in Perth.

New oil service

A new company—Redwood Corex Services—based at Aberdeen will provide a wide range of engineering analytical services for groups exploring for oil and gas in UK waters.

Welsh bid for more Japanese investment

By Anthony Moreton, Regional Affairs Editor

WELSH ATTEMPTS to woo Japanese industrialists were taken a stage further yesterday when Mr. M. Kawai, president of the Japanese Chamber of Commerce and Industry in the UK, was the principal guest at a presentation in London organised by the Development Corporation for Wales.

With 90 of his fellow-countrymen representing industry, commerce and banking, he was told by Sir Melvyn Rosser, a member of the corporation's board, that Wales was particularly keen to extend her links with Japan.

Four of the seven Japanese manufacturing companies which have set up operations in Britain—Sony, Matsushita Electric, Takiron and Sekisui — have chosen Wales as their production base.

The corporation has been active in promoting Wales to the Japanese, not only through functions in this country similar to yesterday's but also in Japan.

It has one executive designated to look after this side of its work and he has recently visited Japan.

Corporation officials are optimistic that they will be able to announce another Japanese entrant before the end of the year.

They were upset not only when Hitachi pulled out of the UK, under trade association and union pressure, but also at an earlier stage when it decided to establish itself at Washington, in County Durham, rather than in South Wales.

One important link which has been formed is with the Foundation of Osaka Science and Technology Centre. The foundation is assisting the corporation in identifying companies wishing to set up in Europe as well as looking for potential joint ventures.

In November the corporation is to sponsor a three-week trade mission to the Far East. While Japan will be the main focus of interest, the team will also go to Hong Kong.

Last October a group returned with orders worth £1m and the prospect of at least as much again by the end of this year

North Sea boost for UK suppliers

BY RAY DAFTER, ENERGY CORRESPONDENT

HOPES of a major increase in orders for the £1bn-a-year UK offshore supplies industry has been raised by announcements yesterday from two North Sea operating groups.

The Shell/Esso partnership indicated that as well as exploiting its Fulmar Field, it was moving towards development of its North Cormorant discovery.

Mesa Petroleum, operator for the consortium planning to exploit the inshore Beatrice Field, also announced £26m-worth of contracts, almost 90 per cent of which will go to UK suppliers.

The Shell/Esso announcement is significant because it confirms that the North Cormorant Field, with an estimated 400m barrels of recoverable reserves, is likely to be developed within the next couple of years.

Draft proposals, now with the Department of Energy, indicate that the field could be producing oil in 1981 or 1982.

Taywood-Santa Fe has been awarded a contract by Shell/Esso for project management and detailed design work of production and accommodation facilities on the North Cormorant platform.

Taywood-Santa Fe said that field development plans had not yet been submitted formally to the Energy Department, but detailed design work on the platform equipment would be started shortly by Humphreys and Glasgow as prime sub-contractor to Taywood-Santa Fe.

Both offshore supply groups have been involved in other North Sea development projects.

Taywood-Santa Fe is jointly owned by Taylor Woodrow Construction and Santa Fe International, while Humphreys and Glasgow has been expanding rapidly in the offshore design, engineering and contracting business.

It was also learned yesterday that Shell, as operator for the Shell/Esso partnership, is discussing the platform-building project with contractors.

Mesa Petroleum yesterday confirmed that two small steel production units, costing between £2m and £3m in total, will be built for the Beatrice Field by Dragados y Construcciones of Madrid, Spain, in spite of the spare platform-building capacity in the UK.

The Government's Offshore Supplies Office has been satisfied that none of the British yards could meet the Spanish price for the two steel units which will support the field's main production and accommodation units.

Mesa said that Government approval for the field development plan had not yet been received but it had been necessary to place the initial batch of contracts to meet the target date of May 1981 for the first Beatrice oil coming onstream.

Contracts

Other contracts announced by Mesa include: £17m to platform builders Highland Fabricators for project management and engineering design work; £3.6m to Wilson Walton Engineering of Teesside for the design and fabrication of accommodation units and helicopter landing deck; purchase of steel plate for the basic platform structure and piles from British Steel's Glasgow Plate Division.

Mesa said that substantial contracts for ancillary equipment would also be awarded to British companies. Overall cost of the Beatrice development is expected to be about £325m.

Interests in the field, which contains oil reserves of some 150m to 200m barrels, are: Mesa (25 per cent); Kerr McGee (25 per cent); Hunt Oil Company (20 per cent); Creslenn Chelsea (15 per cent); and P & O Shipping (15 per cent.).

● Dr. Dickson Mabon, Minister of State for Energy, yesterday announced the formal allocation of two more blocks offered under the fifth round of exploration licences.

Block 20/9, south-west of the Buchan Field in the North Sea, has been granted to a group comprising Phillips Petroleum, British National Oil Corporation, Fina Exploration, Agip (UK), Century Power and Light, Halkyn District United Mines, and Oil Exploration.

Part-block 3/9b, adjacent to the Ninian Field, is to be operated by a group comprising BNOC, British Gas, Amerada Exploration and Texas Eastern.

So far, 36 of the 44 fifth round blocks have been awarded.

Man-made fibres industry recovers

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S man-made fibre industry made a substantial recovery in the first quarter of this year, with production and deliveries in March reaching their highest level for four years.

The improvement, taking total output for the quarter to 150,000 tonnes, represents a 30 per cent increase on the fourth quarter of 1977.

It seems possible that there was some under-reporting at the end of last year which has now found its way into the latest statistics.

The figures, nevertheless, appear to offer additional evidence of some strengthening in the UK textile market, where consumer spending on clothing has been running ahead of total consumer expenditure for some time.

The industry has also been doing well in exports, which accounted for 43 per cent of all deliveries in the first three months of 1978.

UK retailers have expressed optimism recently that the stronger buying trend will continue, helped by wage increases, tax reductions, and falling inflation, which have led to higher living standards.

The latest Confederation of British Industry National Economic Development Office survey on textiles and clothing showed that more companies expected higher sales, following a period in which sales in some sectors have been runing ahead of forecasts.

Leading UK fibre groups are more optimistic than for some time that this higher level of demand could form the basis for continued recovery in fibre sales.

The main increase in fibre output during the first quarter was in staple—up from 62,090 tonnes in the last quarter of 1977 to 89,500 tonnes. Production of filament yarn rose from 53,050 tonnes in the final quarter of 1977 to 60,570 tonnes.

Although a substantial improvement at 150,000 tonnes in the first quarter, output by the UK fibre industry is still below 1973 levels, when quarterly production was more than 180,000 tonnes.

Strong case for BR mass electrification

BY LYNTON McLAIN, INDUSTRIAL STAFF

LARGE-SCALE electrification of British Rail's main lines could create jobs and save 700,000 tonnes of fuel oil each year, suggests a discussion paper presented yesterday by Mr. William Rodgers, Transport Secretary.

The paper, which outlines the case for large-scale electrification, will be considered by a working party from the Transport Department and the British Railways Board under the joint chairmanship of Mr. David Bowick, a BR vice-chairman, and Mr. John Palmer, Under-Secretary for Railways in the department.

The document says early electrification would help use Britain's present and future surplus of generating capacity.

Electrification on a wide-scale would create jobs in industry.

Arm merchant ships on Cape route—MP

Financial Times Reporter

BRITISH MERCHANT ships carrying oil round the Cape of Good Hope should be armed, Mr. John Loveridge, Conservative MP for Upminster, told an International Association of Airport and Seaport Police seminar in London yesterday.

Mr. Loveridge told the seminar—on terrorism and sabotage—that oil carrying ships were a prime target for attack now that much of the African coast was in potentially hostile hands. Russia now had a large naval arsenal and could easily equip a third power, such as Angola or Ethiopia, to wage a mini-war at sea on merchant ships.

There was a strong possibility the Russians would welcome a war at sea—especially if they did not have to fight themselves and could withdraw easily if there was any danger of their own trading interests being damaged.

Whitehall plea for UN energy agency

BY RAY DAFTER, ENERGY CORRESPONDENT

THE NEED FOR a new international energy institution, preferably to be run under the auspices of the UN, is stressed by a Department of Energy report on international energy problems, published yesterday.

The report, to be considered by the UK Energy Commission, says that energy problems need to be considered on a global basis. At the same time, the World Bank had a particularly important role as a catalyst for financing the development of conventional and alternative forms of energy.

Developing countries, in particular, ran the risk of suffering balance of payments penalties as a result of higher energy prices.

The Department gives a warning that in the 1980s energy supplies may become a constraint on desirable rates of worldwide economic development unless action is taken in the next few years.

"There is a danger that a lack of confidence in the ability of countries to deal with the longer-term problems may also inhibit the rates of growth which could otherwise be achieved in the intervening period."

The problems could be dealt with only by a common commitment by the industrialised countries to adequate programmes of conservation and energy development. Without this there was a danger that narrow self-interest might prevent the achievements of sensible world-wide energy policies.

Both the International Energy Agency and the European Economic Community had set objectives for energy conservation and import savings but their commitment might need to be developed and strengthened.

Examining the UK's energy role, the paper says that it was not in Britain's interest to see the price of fuels rise, in spite of the short-term attractions.

First, the period of self-sufficiency would have passed by the end of the century, when the UK would again have a direct interest in importing energy at the lowest cost.

Diamond necklace fetches £24,000

SALEROOM

BY ANTONY THORNCROFT

THE LONDON dealer Drager paid £24,000 for an antique diamond necklace at a Christie's jewellery sale. Another diamond necklace went to an anonymous buyer for £17,000.

A diamond ring went to the London dealers, Music, for £11,000 and a second to an ananymous buyer for £9,000. A cabochon ruby single-stone ring was bought by the London dealer Seymour for £10,000. The sale totalled £225,895, with only 1 per cent. unsold.

Christie's, New York, held a sale of contemporary art on Tuesday, which totalled £426,024 ($779,625), with a high sold percentage.

Three record prices for works sold at auction were achieved. The first, £27,650, was for "Two Panels: Yellow, Black" by Ellsworth Kelly. This was the sale's top price, paid by the Louisiana Museum, Copenhagen.

The second record was for a sculpture, "Dream House VII," by Louise Nevelson, which fetched £22,841, and the third, £19,836, was for Kenneth Noland's "Ease Out."

Among other high prices were £18,633 paid for a Frank Stella painting, "Basra Gate III," which went to the Republic National Bank in New York, and £12,021 paid by Houston Museum of Fine Art for a sculpture by David Smith, "Wat Spectre."

An auction record price for a typewriter was paid at Christie's South Kensington, yesterday — for a Columbia typewriter of about 1885 bought for £750 by a German collector. The sale of mechanical music and machines made £23,023.

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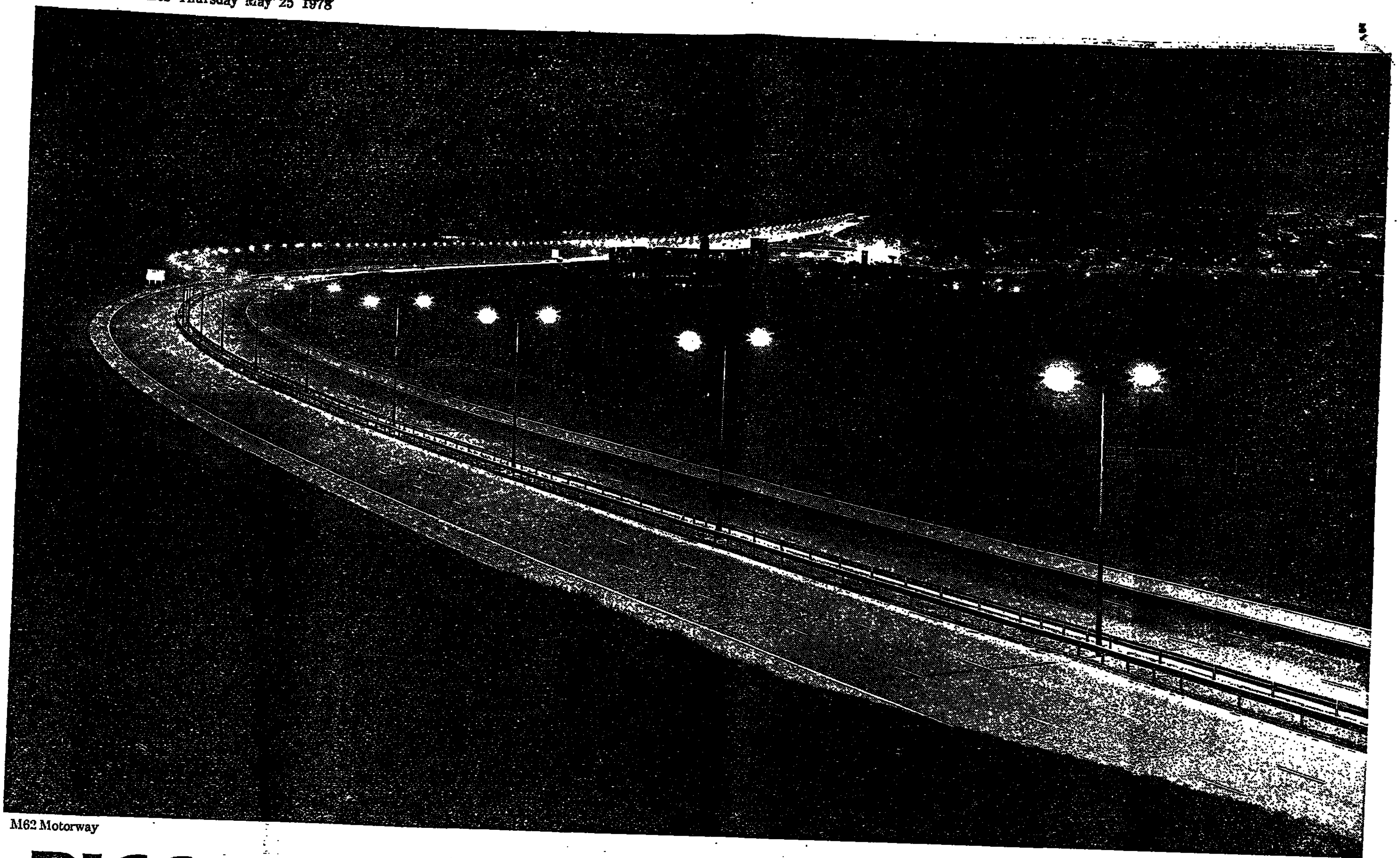


M62 Motorway

BICC-people who make things work on road and rail

Painting serene landscapes at his home in Sale, Paul Gillitt does not convey the impression of a man of action, a man to whom most of the drivers in the North West owe a debt of gratitude. For as a local BICC projects manager, he has been responsible for the majority of motorway lighting throughout the North West.

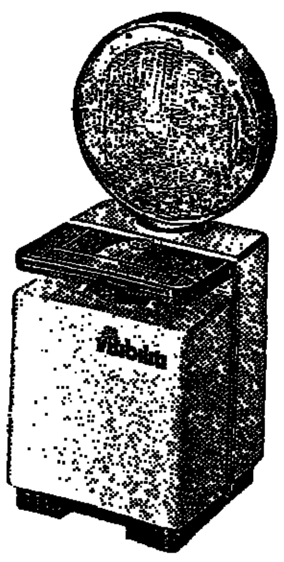
No job remains in his memory more vividly than the M62, where, high on the Pennines, at Milnrow, Paul and his team faced the most adverse weather conditions, particularly, near-zero visibility and gales so strong that men working on the high lighting columns had to be strapped to their platforms.

Little wonder Paul relaxes so completely when he can. Paul is one of 54,000 people working for BICC worldwide — people who make things work.

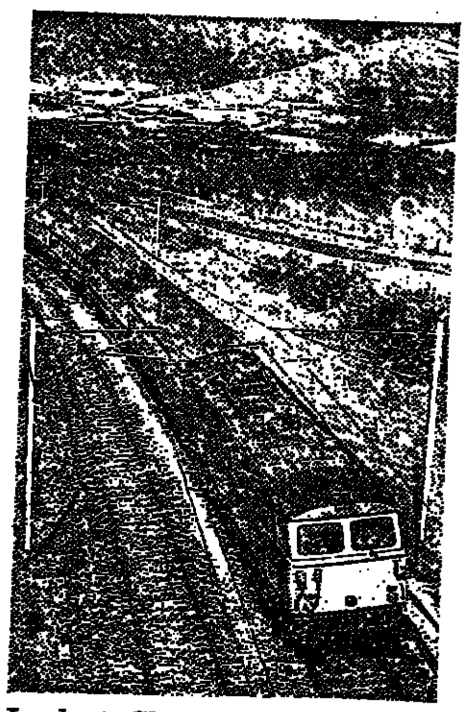
Steven Pont is another.

Immediately after joining BICC Steven became involved in the earliest stages of electrification of the London to Glasgow railway line — the first to be electrified at 25kV AC and the longest length of overhead electrified line, in this country.

Steven next moved to India where he was involved in no less than two thirds of the electrification of the country's railway system, carried out by BICC. Before he left, his responsibility included all electrification contracts on the sub-continent.



Other BICC people help to ensure the safety of people like Paul Gillitt and his team by manufacturing a range of road hazard warning lamps to alert oncoming traffic of the road work in progress.



London to Glasgow Inter-City Express: Travel between the two centres is possible in just five hours thanks to BICC's overhead railway electrification.

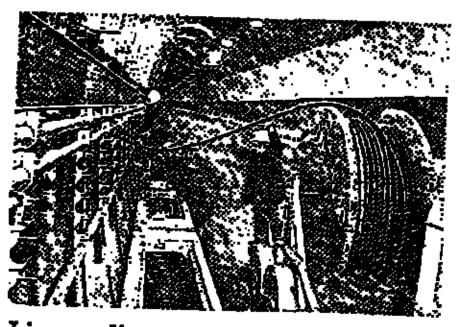
Since returning from India, Steven has controlled railway traction projects in a number of countries, including S. Africa, where he was instrumental in setting up the country's first AC electrification scheme.

Steven still maintains his old ties with India through his pastime — rowing. Ex-president of the Calcutta rowing club, he competed this year in the annual Curry Cup race between the Old Calcuttans and Old Singaporeans.

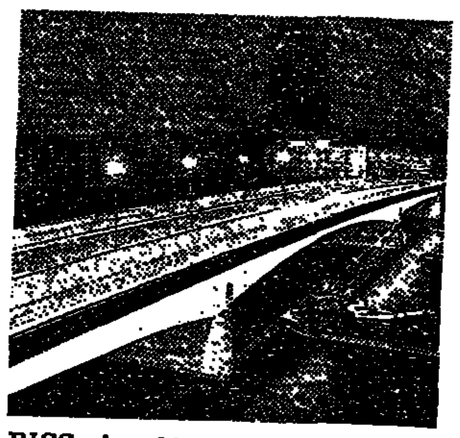
The building of motorways, bridges, interchanges and tunnels: electrification of mainline inter-city rail routes; and improved lighting, communication and signalling facilities for both road and rail — BICC people do all these things.

BICC help more people travel more often to more places more quickly — and a great deal more safely.

Paul Gillitt



Liverpool's new 7,360 ft. tunnel under the Mersey relies on BICC cable servicing the various complex systems that ensure the smooth flow of traffic.



BICC mineral-insulated road heating cables prevent snow and ice causing traffic hazards on the new £5½ million London Bridge.

The BICC Group is diverse: one of the world's foremost cable manufacturers and designers; but also deeply involved in the refining and fabrication of metals; heavily committed to research and development in new communications technology; with a major stake in civil engineering and contracting through Balfour Beatty, a BICC company; possessed of hard-won skills in tunnel design and construction, and railway electrification; with specialist expertise in industrial plastics, electrical accessories, capacitors, printing plates...

One thing makes it all work. One thing makes BICC a stable, successful growing company that competes successfully in so many different markets.

The quality of its people. Highly trained people committed to getting things done — better than before — for the benefit of all of us.

This booklet tells something of the range of skills of BICC and its people, something of their achievement, and indicates a great deal about their promise for the future.

For a free copy, write to:
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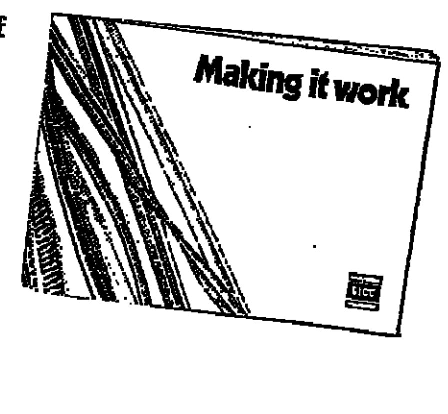


BICC

Makes it work

HOME NEWS

National Bus makes £9.6m surplus

BY PAUL TAYLOR, INDUSTRIAL STAFF

THE State-owned National Bus Company made a record surplus of £9.6m after interests and *taxation last year compared to* £5.8m in 1976. But in the annual report published yesterday the company warned of the need for *more public finance if services* are to be maintained.

Sir Frederick Wood, chairman, said that although last year's *results were the best in the* company's nine-year life they did not allow for the real cost of replacing capital, particularly buses.

In addition, provisions needed to be made for increasing the company's "relatively small" temporary borrowing facility — £12m last year—and preparing for 1985 when the grant for new buses, totalling £17.9m last year is finally phased out.

In spite of these financial limitations, the company said it did not intend to increase fares again before the end of this year.

Sir Frederick described 1977 as "a successful and satisfactory year." Revenue increased by 9.3 per cent.

Total revenue included revenue support grants, to pay for unprofitable services, of £26.8m from non-metropolitan county councils. This was, however, *about £14m less* than required and accounted for only 6.8 per cent of gross revenue. An estimated £44m, is required this *year from the non-metropolitan* county councils if services are to be maintained.

The group, which has 31 com*panies running* 18,000 buses and coaches, had operating costs of £373.6m, up 8.2 per cent from 1976. Gross revenue was £391.7m, compared to £358.4m in 1976. About 70 per cent of working expenses represented wages, national insurance and pension contributions.

The group spent £44.2m on capital expenditure. 1,551 new vehicles costing £33.3m were bought and a grant of £17.9m was received from the Government. Coach and bus maintenance cost £64m, more than 11 per cent up on 1976.

Passenger journeys fell 3 per cent to 1.8bn miles compared to a decline of 9 per cent in 1976. NBC subsidiaries operated 678m miles, a *reduction of 2.7 per* cent from 1976.

The group warned of a similar reduction this year unless public finance was increased to the £44m requested.

The NBC will continue to oppose the introduction of EEC regulations on drivers' hours and *tachographs*.

Staffing levels fell by 4.1 per cent during the year to 65,118. By the end of the year 74 per cent of all *buses were one-man* operated. The company hopes to introduce one-man operation on all but 8 per cent of services *within five years*.

National Travel, the group's coach and express bus operator, carried nearly 11m passengers *yielding £25m or 8.5 per cent* of NBC's gross revenue. Travel on the services fell 3.4 per cent in three of the four areas but *because the decline* was 5.6 per cent in the South East the services are now under review.

Group revenue from excur*sions, private hire* and other contract work amounted to £22.8m.

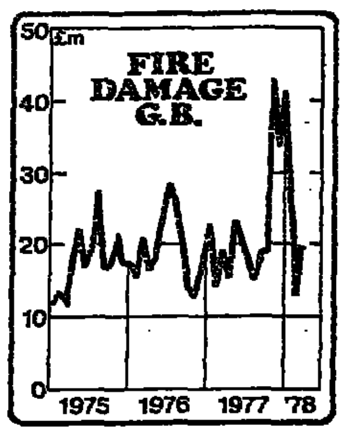
Income from British Transport *Advertising*, jointly owned with British Rail, was a record £1.3m.

Fire damage up £6m in April

BY ERIC SHORT

ESTIMATED fire damage costs in April jumped more than £6m to £19.7m, the British Insurance Association reported yesterday. This was £4.1m higher than the figure for April last year.

Fire damage costs in the first four months of this year, at £98.4m, are 38 per cent above those for the corresponding



period last year. This year's fire damage costs have been influenced by the firemen's strike, which lasted until January 16.

The figure for last month was greatly influenced by damage at two big fires, one at a factory in the West of England where damage is estimated to be £3 and another at a school in London with damage put at £1.1m. There were 10 other fires where estimated damage was more than £250,000 in each case.

There were 24 large fires in public places such as cinemas, schools, shops, social clubs and theatres in April.

Electricity Consumers Council in power bid

BY ROY HODSON

THE Electricity Consumers Council — the newly-formed national body representing the interests of electricity users—wants its powers to include direct access to the Secretary for Energy on such sensitive questions as electricity prices.

Mr. Michael Barnes, council chairman, yesterday told the all-party Commons select committee inquiring into the electricity supply industry that consumers needed "a direct line to the Secretary of State"

The council is objecting to the more passive role in electricity affairs envisaged for it by the leaders of the industry

Sir Francis Tombs, chairman of the Electricity Council, said recently he hoped the council would involve itself in "steady, unspectacular and detailed work" to help electricity *consumers. "We are not happy* with that role," Mr. Barnes told the select committee.

The central question, he claimed, was whether the Electricity Consumers Council was part of the electricity industry or part of the consumer movement.

The council took the view that it was not so much part of the *industry that it had to consult* with it before consulting Government ministers.

The Electricity Consumers Council may be preparing for a major battle with the industry over the present levels of electricity prices, and the cost to consumers of the industry keeping a near-30 per cent margin of spare generating capacity.

Mr. Barnes said that with electricity prices at their current *high level, consumers' represen*tatives were faced with enormous responsibilities if they were to do their work properly.

Consumers would also have to be represented in the forthcoming decision on whether or not to base the future of the electricity supply industry largely upon the fast breeder reactor.

He *added that* relations between the industry, the Government and consumers must be conducted in the form of "open *diplomacy*."

The Electricity Consumers Council is pressing the Select committee, in a memorandum, to recommend that powers be included in any future Electricity Bill for the consumers body to go to the Energy Minister over important issues.

Share options in Europe go-ahead soon

By Margaret Reid

THE LAST hurdles to British Stock Exchange firms wishing to join the Amsterdam-based European Options Exchange are likely to be removed soon when the Stock Exchange council announces its requirements on such membership.

These are expected to deal chiefly with accounting technicalities and are designed to avoid any conflict of standards for UK firms operating in both London and Amsterdam.

Exchange control and other problems which might have in*hibited firms from joining* have been ironed out already.

The European Options Exchange was launched in April, about three weeks before the British Stock Exchange began trading in share options.

BOC to set up frozen food delivery chain

Financial Times Reporter

BOC INTERNATIONAL, the engineering company, plans to set up a nationwide chain of seven cold stores to distribute chilled and frozen foods by the early 1980s.

The chain is part of an integrated frozen food operation, set up with Anglia Frozen Foods, the food processing company, *and Frigoscandia, bulk storage* operators, to provide freezer food chains, supermarkets and cash-and-carry stores with a *faster, more hygienic service.*

The hub of the operation, a 750,000 cubic foot cold store in Kings Lynn, Norfolk, costing £1.5m, was opened this week by Mr. John Williams, a BOC managing director.

Mr. Ray Stark, managing director of BOC distribution, said: "The retailer can get large drops of products from several manufacturers as and when he requires them, using the integrated service. This allows for stricter control of temperature levels in back-of-store freezers as well as minimising disruptions."

BOC is already involved in food distribution through its Transhield subsidiary, which distributes chilled food for Marks and Spencer.

Interim statement Page 24

£90m wasted by poor boiler supervision

BY RAY DAFTER, ENERGY CORRESPONDENT

THE LACK of properly qualified boiler operators is costing Britain at least £90m a year in wasted energy, says a report from City and Guilds.

It reports that poorly-controlled boilers were wasting *3.5m tons of fuel a year*, equivalent to about 5 per cent of the total energy consumption outside the domestic sector.

Although Britain has around 50,000 boiler operators, only 12,683 had taken the City and Guilds' qualifying certificate. The number of operators passing the certificate course had fallen from about 900 in 1969 to fewer than 300.

The report blamed the decline on the ending, in 1969, of the Government's subsidy to the National Industrial Fuel Efficiency Service.

A secondary cause was that no single industrial training Board had been responsible for training operators at their workplace.

Interpretation of Companies Act 'crucial to SUITs case'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

DIRECTORS do not have a legal obligation either to certify or ensure personally that a balance-sheet gives a true and fair view of the affairs of their company, counsel for Sir Hugh Fraser said yesterday.

Mr. Ranald Sutherland, QC, said that the Companies' Act *laid down no such duty*. Directors were required merely to cause a balance-sheet to be drawn up, *properly audited*, and presented *to a general* meeting of shareholders.

Sir Hugh, vice-chairman, and one present and four former directors of Scottish and Universal Investments (SUITs) *have de*nied failing to give a true and fair view of the affairs of the company in the 1975 report and accounts.

The court has *been told* that a £4.2m. loan to Amalgamated Caledonian Assets was wrongly *classified* in the *notes* to the accounts as "cash at bankers' and on hand."

Sir Hugh has *admitted* that he made 61 transactions in SUITs *shares without informing the* company within the required two-week period.

The case ended yesterday, but *was adjourned to enable Sheriff* J. Irvine Smith to study the notes. A verdict is expected in five or six weeks.

Mr. Sutherland, in his closing *speech, said the crucial issue* was interpretation of the Companies' Act. He added that 90 per cent of the evidence, which *took seven days to hear, was* irrelevant.

The court was told that the loan's misclassification was not noticed by the directors when *they saw the final accounts* and did not come to light until some months later when the auditors, Touche Ross and Company, carried out a random check on their files.

Mr. Sutherland said: "If we have something which can be missed in the accounts by the whole accounting staff and the whole audit team, it can hardly be said to be abundantly obvious *to the layman*, unless he carried out a detailed check of every figure and checked every figure against the schedule from which it was taken."

Bank of England man not in plot—defence

FINANCIAL TIMES REPORTER

THE JURY trying six defendants in the £1m dollar premium plot case at the Old Bailey yesterday were asked to disregard suggestions that Mr. Martin Wales, a suspended bank official, was involved in the affair *because he* was alleged by the Crown to have called "our man in the Bank of England" by some of the plotters.

Mr. Robert Harman QC, defence counsel, told the jury in his final speech for Mr Wales: "*Boastful people use this kind* of language to give the impression of influential contacts when they never really exist.

"*This form* of ready patter is part of the armoury of fraudsmen. If you were able to listen to some of the more fantastic *conversations* among criminals in prison you would know what I mean.

"Mr. Wales is not the kind of *man to be in anybody's pocket* and you must not hold it against him that some people were claiming they had him in their pockets."

Mr. Wales, 42, of Chislehurst and five other defendants deny conspiring to obtain money *dishonestly* from authorised dealers in investment currency between August 1975 and April 1976.

Mr. Harman said that accounts by various witnesses of the alleged dollar premium plot had got "out of control" and made no sense at all as far as Mr. Wales was concerned.

"It would be dangerous to convict him on the evidence of another alleged conspirator whom he met at the Waldorf Hotel for this was an improbable yarn of an open meeting in a public place." Mr. Harman added.

The hearing was adjourned until today and will end early next month after an adjournment next week for the holiday recess.

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REPORT ON DISTRIBUTION OF INCOME AND WEALTH

Diamond Commission explains how old people fall into the poverty trap

THE LATEST REPORT published by the Royal Commission on the Distribution of Income and Wealth* highlights the large numbers of old people who fall into the lower income groups in Britain and underlines a number of important issues associated with lower incomes.

It draws particular attention to the issue of the so-called Poverty Trap, pointing out that this arises as a result of the establishment of support levels below which incomes are not allowed to fall.

"People out of work who take up part-time work or full-time work with low earnings may find that their family incomes are little, if at all, increased as benefits are progressively withdrawn," it says.

The report notes the role played by collective bargaining in helping to raise relative earnings, and suggests that lack of collective bargaining arrangements was in general "an important factor explaining the low earnings of certain groups of workers."

Not claimed

The commission, headed by Lord Diamond, also notes the considerable extent to which people fail to draw benefits to which they are entitled. In 1975 some 930,000 families who were eligible for supplementary benefit failed to claim it. The average amount of weekly benefit unclaimed was about £5 for the families affected, and take-up was about 75 per cent on average for supplementary benefit and for family income supplement.

The report reviews the recent controversy about the complex interplay of heredity, family background, early environment and education which "raise basic issues of human behaviour going far wider than incomes."

It concludes with the observation: "it has long been accepted that the community has an obligation to ensure that an adequate safety net exists to protect people from the main accidents of life; it follows that the greater the part played by genetic endowment or inherited social and economic disadvantages, the greater is the justification for maintaining the safety net so as to provide also against the accident of birth."

In a special addendum, three members of the commission, Mr. George Doughty, Mr. David Lea and Professor Dorothy Wedderburn, while accepting analysis of the report, take a rather stronger line on some of the issues covered. They stress the difficulties of examining the association between low incomes and access to a variety of goods, services and amenities "many of which are regarded by present day society as among the concomitant benefits of citizenship."

Price detriment

The addendum stresses the absence of firm information on "price detriment"—the suggestion that lower income households may pay prices which are as much as 10 per cent higher than other households, thus further reducing their incomes. It underlines that two groups emerge as being especially at risk in terms of lower incomes, the elderly and children, and draws attention to the problems associated with reliance on means-tested benefits.

"A study of living standards," the addendum says, "would call in serious question the adequacy of such benefits and would reveal, for those on the very lowest incomes, the consequences (through non-take-up) of excessive reliance upon means tests."

The addendum stresses the role of working women and the need to monitor availability of employment for working mothers, and also emphasises the role of collective bargaining in raising security of employment and benefits as well as improving relative wages. It concludes that although the position of those on lower incomes has been markedly stable in the period 1968-76, this does not mean that such stability is inevitable.

"The level and distribution of lower incomes are largely determined by interaction between social and economic arrangements, including market forces, which are capable of modification in the course of economic and social development, if society so decides." This would entail "a broad consensus about the desired shape of the total income distribution," and "the resumption of economic growth and a reduction in the level of unemployment would make such a consensus easier to attain."

The report is the sixth published by the Royal Commission. It covers the reference on lower incomes made in June 1976, which asked the commission to examine incomes from all sources at the lower levels—"say, about the lowest 25 per cent of income recipients"—to analyse the present position and past trends in their levels and distribution and to examine the economic, social and other factors which give rise to low incomes.

The report, in the main, covers the period from the early 1960s to the mid-1970s. The terms of reference point to some 7m families out of a total of 28m in the UK. It finds that when incomes after tax and benefits are adjusted to take account of need according to the differing size and composition of families, the elderly consitute over 40 per cent of all lower income families.

Some 60 per cent of individuals with lower incomes were in families with children, and the number of children exceeds the number of elderly persons with lower incomes. The unemployed and the disabled are also groups with a high probability of experiencing lower incomes.

Looking at the sources of incomes, the report finds that about 60 per cent of lower income families have no earnings and are almost wholly dependent on state benefits. Of those who have earnings the majority are low earners.

The real value of lower incomes of families after direct tax and benefits grew like other incomes from the beginning of the 1960s until 1974-75, but fell in 1975 and 1976. The increase between 1961 and 1974 was about 40 per cent in line with the growth of gross national product.

Constant

Comparing lower incomes with other incomes, the report says that the average income of the lowest quarter was about half the national average, and this remained virtually constant since the 1960s. Comparing various family groups, there was no change except that the elderly had improved their relative position slightly.

The report goes on to examine labour market factors, identifying the rise in the number of economically inactive students and of elderly people; the increased number of unemployed; the increase in part-time working by women; and the relative increase in women's earnings as the main recent changes.

Manual workers predominate among the low earning, and full-time low earners are concentrated in particular sectors of the economy — agriculture, miscellaneous services, the distributive trade, clothing and footwear. Though a rapid rise has taken place in women's earnings, full-time women's earnings are still on average 60 per cent of those of men. Nearly 50 per cent of full-time women employees are still low paid.

Examining the impact of social security benefits, the report finds that while since the last war they have not at all times kept pace with the growth of average earnings of manual workers, over the whole period they largely have.

After looking at the poverty trap, and the failure to claim benefits the report shows that in 1975 the total number of family units in Britain below the support levels indicated by supplementary benefit scales was 7.6m before benefits (average weekly poverty gap per family £14.7) and 1.1m after taking account of benefits (average weekly poverty gap per family £5). Of individuals below those support levels after taking account of benefits, 40 per cent were pensioners and 40 per cent belonged to families with children.

Turning to the characteristics of low recipients, the commission shows that the incomes of the elderly often depend on the opportunities they had for acquiring rights under occupational pension schemes, which continue to be more prevalent in non-manual than in manual jobs, and in skilled than unskilled occupations. Among the elderly on low incomes women are in the majority.

Disabled

Discussing the unemployed, the report says that male unemployment in 1977 was 5 times the level of 1966 and twice that of 1974. Female unemployment has also grown rapidly over the period. Unemployment continues to be highest among the oldest workers, but there has been a relative increase among other age groups and particularly among young people in the last few years.

The incidence of lower incomes among the permanently disabled is high, and where the head of the household is permanently disabled the major source is State benefits.

One-parent families headed by women have a high risk of lower incomes, but not those headed by men. Larger families tend to be worse off than others, and between families of the same size the most important differences depend on the level of the father's earnings and whether the mother is in paid employment. Mnay families are taken out of the lower incomes category by virtue of a wife's working.

INCIDENCE OF LOWER INCOMES IN UK, 1976

Type of family	Percentage having lower income	Percentage of all lower income families	Approximate number of lower income families
			m
Elderly	41	41	2.9
Single-parent	49	7	0.5
2-parent families with			
3 children or more	38	9	0.6
1 or 2 children	16	12	0.8
Other types—married couples without children and single adults under pensionable age	19	31	2.2
	25	100	7.0

ESTIMATED NUMBER OF WORKING FAMILIES IN BRITAIN IN OR AROUND THE POVERTY TRAP DECEMBER 1972 TO DECEMBER 1975

December each year	Amount of a £1 increase in earnings retained: Negative	0-24p	25-49p	Working families in the total population
Families with children (head in full-time employment)				
	000's	000's	000's	000's
1972	[40]	[30]	170	6,490
1973	90		na	6,370
1974	[20]	[30]	250	6,560
1975	50	[40]	200	6,510
Families without children (head in full-time employment)				
1972	na	na	na	na
1973	na	na	na	na
1974	—	[10]	120	10,230
1975	—	—	90	10,220

(Figures in brackets are subject to considerable sampling error)

The report concludes by examining the economic and social factors affecting low incomes and finds that economic growth has been a major factor in the improvement of the purchasing power of those with low incomes, which in the past grew in line with GNP. Resumption of economic growth would permit a resumption of growth in lower incomes.

What generally determines whether a family is in the lowest quarter of income recipients is whether it belongs to one of the vulnerable groups and whether it has no breadwinner or only one who has low earnings. This largely results from social policy decisions which have taken account of questions of incentive and equity between those in and out of work and as between different classes of beneficiary.

The report adds that the effects of disadvantages in life can be cumulative; there are links between the incidence of low skills, low earnings, sicknes, disablement and spells of unemployment, but there is considerable movement by individuals and groups into and out of the lower incomes category This contrasts with the marked stability of lower incomes as a whole in relation to other incomes. The interactions of earnings, benefits and taxes may well have contributed to this stability.

**Royal Commission on the Distribution of Income and Wealth: Report No. 6: Lower Incomes; 403 pages; SO Cmd. 7175.*

THE COMMISSION also published a background paper on the causes of poverty, which reports the results of a study commissioned from the Centre for Labour Economics at the London School of Economics. The paper contains a new analysis of the 1975 General Household Survey, with particular emphasis on families on lower incomes.

Royal Commission on the Distribution of Income and Wealth: Background Paper No. 5; The Causes of Poverty; by R. Layard, D. Piachaud and M. Stewart in collaboration with N. Barr, A. Cornford and B. Hayes; 190 pages; SO.

BOOKS SPORTS, GAMES and LEISURE

Real Grace BY C. P. SNOW

W. G. Grace by Bernard Darwin. Duckworth, £5.95. 128 pages

Bernard Darwin wrote with knowledge, literary skill, immense good-nature about various aspects of games, most of all golf, where he was the most celebrated of correspondents. His judgment, human and technical, was, as John Arlott says in a typically pleasant introduction to this new edition of Darwin's short life of W. G. Grace, almost invariably kind. For Darwin, the best tended to be for the best in the best of all possible worlds.

That made him as amiable as any benevolent character in the Dickens he loved. Whether it made him the most suitable *biographer for Grace is a matter* of psychological taste. Do you want large-scale characters handled with the gloves on, or not?

Grace was one of the best-known figures in 19th Century England. To a great many he was the personification of manhood. He was larger than life—physically enormous, resplendent in a black beard which ran down his chest, tireless. Doctor Grace to the whole country. When he made his hundredth century, he tossed off a bottle of champagne at the wicket as casually as though it were a sip of orange juice (the evidence isn't certain, *and it may have been a magnum,* alcohol having about as much effect upon him as on Gargantua: he went on to score 288). He was the *emblem of* cricket itself. No he *was* cricket, the beautiful stately moral game, the most essentially English of English things.

He wasn't really much like that. He was, of course, a splendid natural games player, and would have been a great batsman in any period. He had immense concentration, strength and stamina, and the killer instinct. Just how he would have compared with his major successors it is impossible to tell. No one could have been a better batsman than Bradman, and it is hard to believe that there was ever anyone so good. The game has become technically more difficult, and a man of Grace's build, 16 stone in his mid-twenties, would have been at a disadvantage against the highest class spin-bowling, however fine a natural athlete he was as a youth.

Still, no one doubts that he would have competed with the best, Bradman excluded—with Hobbs, Hammond, Trumper, Headley, and to-day with the Richardses, Boycott, Greg Chappel. From what we know of his bowling, he wouldn't have had much success nowadays, and he would have looked slow, though very safe, in the field. Yet we should all have admired him as a very great player.

As a moral example, though, we shouldn't have been so much impressed. We haven't been able to avoid learning that great games players can be, and often are, as fallible as most human beings. We have given over thinking that skill at cricket is a fine test of character. The Victorians who *idolised Grace were* extremely innocent. To put it at its mildest, he was given to sharp practice. He was up to every trick in the game, a good many of them shabby. Darwin had to mention this, but affably smiles it off as Grace's little way. His fellow-players, though they were overawed, often were not so charitable.

He would have fitted, almost exactly, into the test match climate of recent years, no holds barred, no nonsense about etiquette or genteel morality.

After an appeal Grace always glared down the wicket and defied the umpire to give him out. He and his brother E.M. were pioneers in what the Australians call sledging, that incessant verbal abuse from fielders near the wicket, designed to put the batsman off. It was and is a peculiarly degraded tactic. The only difference between the Graces and recent Australians (not Simpson's side) would be that the Graces were not addicted to oafish swearing.

In fact, Grace was born a hundred years too early. He would have made the perfect recruit for the Packer circus. At very long last—he was scarcely known to read a book in his life, and he always maintained the disapproval of others who did—he managed to qualify as a doctor, and had a small country practice for some years. But he made his living out of cricket, remaining, needless to say, an amateur and with majestic presence captaining the Gentlemen at Lord's. Quite openly, he accepted lavish testimonials, one of £10,000, which in the 1890s was worth more than any conceivable Packer payment.

The poor old professionals didn't like it. There were shop stewards among that oppressed class even then. Why was he an amateur, earning from cricket ten times as much as they *did?* When they were not? No clear answer, except that he was W. G. Grace.

The truth was, he was a man of abnormal weight or substance of personality. He was neither educated nor in the least clever. His family were all country doctors, very close in spirit, tastes, origin, to the agricultural labourers whom they treated. The Graces were peasant-like, with peasant graspingness and cunning. It *is easy to imagine* Grace as a peasant spokesman in *Anna Karenina.* He wanted his rights. He expected that everyone would cheat him. He was going to look after himself.

He wasn't conceited. He was certain of what he could and couldn't do. He was simple, but impregnable. People more complicated, or more given to self-doubt, just collapsed in the face of that massive cunning and massive simplicity.

In Short

The Techniques of Photography. Time-Life Books, £12.95. 399 pages

For 36 years Life Magazine and great photo-journalism were synonymous in meaning. The news magazine disappeared from the bookstalls in 1972, the victim of rocketing production and circulation costs and a fall in advertisement revenues.

The familiar red and white logo has appeared on occasional Life Special Reports since the weekly folded, maintaining the same high standard of photography. *Life will reappear*—as a monthly—in October.

Time-Life Books publish the Life Library of Photography—a part-work par excellence which explains Life's Law on Pictures and it is from this series that the single volume, *Techniques of Photography* has been condensed.

In 400 pages the philosophy and know-how of Life's photographers and technicians is explained. As an all-embracing reference work it should appeal to amateurs and professionals alike. Darkroom work—the chemistry of photography—film processing and printing are all given easily understood and detailed explanations, as are the selection and use of cameras and lenses, filters, and lighting techniques. The book is packed with pictures in colour and black and white by Life staff men and other top photographers to teach and inspire.

Many of the photographs are classics of their kind. By better understanding the craft skills explained in this book, the reader cannot fail to derive greater pleasure from photography.

GLYN GENIN

The Complete Car Modeller by Gerald A. Wingrove. Methuen for *New Cavendish Books,* £6.95. 152 pages

Among the collection of classic cars at the Beaulieu motor museum are a number of scale models, their detail perfect and finish immaculate. They are the work of Gerald Wingrove, the author of this book.

There can be no better tutor for the perfectionist car modeller. His model-making has developed into precision engineering in miniature—although he had no formal training in any of the techniques he uses.

It was a case of trial and error—something which the reader of *this book can avoid.* For Mr. Wingrove gives a very detailed description of how to make a realistic model car, starting with taking photographs of the original and finishing with a gleaming coat of paint.

One reason the finished car looks so much like the original is that similar materials are used. Wire wheels have wire spokes threaded laboriously through machined metal rims and hubs. The body is made of sheet metal.

Mr. Wingrove says: "I felt, many years ago, that if one could use a saw, a file, glue and a pencil it would be possible to make a *start on almost anything and* once a start has been made the problems solve themselves."

He has come a long way since his saw and file days as his work shows. Anyone who aims to emulate him can learn a lot from this book—including some short-cuts to realism. Whether they can ever match his superb craftsmanship is another matter

BRIAN AGER


Fred Trueman and Brian Close in action. They also take their guards in the pages of new books reviewed below

Cricket for life BY TREVOR BAILEY

Illy by *Mike Stevenson.* Midas Press, £3.95 (hardback), Ward Lock (paperback) £1.95. 135 pages

I Don't Bruise Easily by Brian Close with *Don Mosey.* Macdonald and Jane's, £4.95. 253 pages

You Nearly Had Him That Time by Fred Trueman and Frank Hardy. Stanley Paul, £2.95. 128 pages

Barry Richards Story by Barry Richards. Faber and Faber, £3.95. 180 pages

Cricket Conversations by Peter Walker. Pelham Books, £5.50. 191 pages

Goalscorers by Tony Pawson. Cassell, £4.96. 240 pages

It is unusual for the life stories of two outstanding all-round cricketers who both captained England with success, played with distinction for Yorkshire before eventually falling out with their native county and finished their careers as skippers of another club, to be published in the same summer. Ray Illingworth and Brian Close, despite certain obvious similarities, make a fascinating and sharply contrasting pair, the cool, calculating and quiet Ray and the big, blunt, boisterous and frequently tactless Close.

Illy is a pleasantly written biography by Mike Stevenson. Although always interesting the book is too short to do full justice to the subject. Too many questions like: How did Ray compare with Fred Titmus and David Allen when they were bowling together in international cricket? Was he too mean a bowler on overseas pitches and when did his batting technique against spin improve dramatically?—remain unanswered. The section *on captaincy is excellent,* and occasionally critical, while the Yorkshire background is accurately described, but the absence *of statistical tables is a weakness.*

I Don't Bruise Easily is an autobiography produced in conjunction with fellow Yorkshireman, Don Mosey. Brian has never flinched from the fastest of bowling and cheerfully stationed himself in the most suicidal of fielding positions, but the numerous non-physical blows he received have obviously hurt him deeply. His misfortunes, which occur in every chapter, are so frequent that the reader must be justified in asking if just once Brian may have been slightly at fault.

The impression given is that Brian strode through his cricket career perpetually blinkered and firmly convinced that he was always in the right. As a captain he led from the front, never asking, or expecting any member of his team to do more than himself, or indeed believing that he could!

Although entertaining, the autobiography does not do Brian full justice, failing to catch that instinctive giggle, or to provide an explanation why anybody with so much potential failed to develop into a truly great cricketer instead of a very good one.

You Nearly Had Him That Time by Fred Trueman and Frank Hardy is an amusing collection of cricket stories, delightfully illustrated by David Langdon. Although not nearly as funny as the first time I heard them, they are infinitely funnier than when they are trotted out at Cricket Dinners during the next 10 winters.

I do not think I have ever encountered a more technically perfect batsman than Barry Richards. He possesses a complete repertoire of elegant strokes, an immaculate defence, is equally at home on front or *back foot and* he has the ability to destroy a world-class attack with skill, and without having to rely on brute force.

It is therefore not surprising that in the *Barry Richards Story* the author should express disappointment and bitterness that his opportunities of international cricket have been so limited. His enormous talent simply cried out for the supreme challenge at the highest level, but he has had to perform on the lesser stages of County, Currie Cup and State Cricket. This has left him frustrated, and disillusioned as he relates in the chapter, "Summers of Discontent." He has become bored with the game to such a degree that it shows, *but one wonders whether he is* correct when he writes "In 1967 no young man loved cricket more than B. A. Richards." Does he not really mean that nobody loved batting more, which is entirely different? If he had really loved the game so much he must surely have had more fun out of it than his autobiography suggests and certainly there are many less attractive ways of earning a living!

Peter Walker's *Cricket Conversations* consist of a series of talks with a varied collection of outstanding cricketers. The question-and-answer technique which *Walker uses so well is really* better suited to television than the written word. As a result his thoughtful analysis on those he interviews are sharper and more satisfying than the TV chats themselves.

Rather oddly for this time of year, the best of the new sporting literature is the *Goalscorers,* by Tony Pawson. This is a delightful history of those players who consistently found the back of the net, including the reasons why they were so successful. The outcome is that comparitive rarity, a book on soccer which is lively, well *written, intelligent, and very* readable.

Bibliomania BY ROBIN LANE FOX

Bibliotecha Lindesiana by Nicolas Barker. Bernard Quaritch for the Roxburghe Club. £25.00, 416 pages

Great bargains of the past are a painful tale. Until his death in 1880, Lord Lindsay lived for them. He flooded the family seats with rare books, Chinese volumes, maps, Bible upon Bible, early Americana, illuminated Missals, Floras, Herbals, proverbs, chivalrous Romances, Wynkyn de Worde's early English printings at £50 a throw and latterly, a host of books on Maths. When his son decided to weed out, he discarded the more modern sections, the recent theology and so forth. Fifty-three tons of books from these areas alone lumbered south to the shelves of Quaritch. The Lindsay Library was rivalled only by the British Museum. Lindsay's stamina, range, patronage and single-mindedness make *the reader now feel very small.* Have we not, somehow, run out of steam, no longer the same *great locomotives of that mid-*Victorian railway age?

Book-collectors, maybe, are often fatuous. They deserve what Pope threw at them. "The Library, with what volumes is it stored, In Books, not Reading, curious is my Lord." Who else would pay far more for a book when its pages are still uncut? But Lord Lindsay was no mere investor in an alternative to shares. From his youth, he is shown by Nicolas Barker to be a collector driven by a passion for languages and origins, a Victorian theorist of culture who wanted his collection, too, to prove a point about history, speech and the over-arching providence of God throughout the globe. He is the neat northern obverse, I would say, to that king of contemporary West country collectors, General Pitt-Rivers, driven by a similar vision, a will to prove the cultural evolution of our species, this led him to the collection of African bronzes, primitive art and the first archaeological field-work which was scientific.

Perhaps the standards of their prep schools helped. Our children learn May-dancing, how to bottle tadpoles and run free on nature projects in the nearest Open Space. Aged eight, Lindsay's class were required to study "mathematics, algebra and Euclid, as well as Greek and Latin, Spanish, Italian, Arabic, Persian and Hindustani." No other Empire has bothered with its subject's grammar in its own nursery-schools. Naturally, Lindsay became an antiquarian, born to a big estate and a healthy stake in Wigan Coal. Eton persecuted him as a swot. He was bullied stark-naked into singing dirty songs. Huge early learning and extreme victimisation in a competitive school-society worked, as often, to the same end. The one was heightened, surely, by the other: now turned in on an area where it could express itself supremely. Lord Lindsay set out to collect far more books than one mind could absorb. He paced himself, thereafter, with his own literary ambitions.

His story, told here, is meticulously researched. Its recovery could not, I suspect, be faulted. The accuracy and detailed cataloguing would delight his Lordship's heir, Ludovic, who expanded the Library and hired private Librarians, anticipating the Public Libraries Act by a year. Barker, too, has a notable Victorian range. He can pin-point *the changes latent in that pivotal* Victorian year, 1870. He can ferret out the by-ways of the book-trade and alert us to the golden decades. He keeps us informed about the Lindsay children, their toys and travels, their years in a hotel while a Mayfair mansion was being built for them. Wigan Colliery scowls in the background. The family photographs of the age are superb. A book for the bibliophile, it rests on a maze of detail which is not too easily absorbed. Sale follows sale, from Libri to Baron von Alstein, while Mr. B. Quaritch has a long innings, filled with sycophantic cover-drives until, at 75, Lindsay junior adjudges him out to a particularly fine leg-glance.

Booksellers must now be added to the long list of socially mobile agents in Victorian London, to the Wartskis and Cartiers who were dredged up by big-spending British peers. I would have liked more, however, on the apparent rise in book-prices and the value of money between 1830 and 1880. Did Lindsay find, from 1860 onwards, that the market was rising as others began to compete? *There are, however, some in*triguing pages on the mid-Victorian Bible-trade and the wilful patching of defective copies with others' fragmentary leaves. Bibles were Lindsay's strongest suit.

Lindsay made Quaritch. He allowed him a range and a sure patronage, right down to those bids for the modern Greek collection of a Bohemian captain, books which were decidedly the "worse for the late owner's very dirty fingers." But it is not just money which marked him out. Lindsay believed that God's design could be recovered by a grasp of all old languages, art and archaeology. True, *he was* also sensitive to new markets, not least to Americana, but mostly he collected in order to write. These writings were to no lasting purpose, tomes on the language of the Etruscans, on the Lindsays and that mirage, the culture of the Bible's Japhet. But the greatest universal private library (destroyed by Estate Duty and war in the 1940s) rested on universal curiosity. Specialisation the rise of the academic "professional," the lethal splintering of knowledge; these, as well as nationalised mines, are solid reason why the Lindsay who is caught in this *remarkably* erudite book could never appear again.

Leather craft

BY STUART ALEXANDER

The Brendan Voyage by Tim Severin. Hutchinson. £6.95, 292 pages

It is difficult to imagine being bounced around in a highly vulnerable leather boat in the pack ice off Greenland only to hear the skipper remark "this is getting dodgy." Such a chatty understatement must leave the average reader gasping, but there it is, as large as life, on page 227 of Tim Severin's book *The Brendan Voyage.*

The whole saga of this journey to prove that Irish monks could have crossed the Atlantic to North America in boats made of ox-hides stretched over a wooden frame, has a similar touch of amateur gusto coupled with unbelievable luck running strongly through it.

The book itself swings between the rip-roaring yarn of these cockleshell heroes and an academic treatise on early Irish *history. If you want to read it* all, the tale is embellished with some expert background detail but if you want to skip the learning then it is easy to concentrate on the main narrative of the voyage.

The Brendan Voyage is a fantastic tale of a fantastic journey. It is highly readable and very reassuring. For at the end you are in no doubt about your own comparative sanity.

Royal playgoing

BY B. A. YOUNG

The Theatres of George Devine by Irving Wardle. Jonathan Cape, £8.50. 285 pages

Queen Victoria Goes to the Theatre by George Rowell. Paul Elek, £6.95. 144 pages

Blind Fortune by Fabia Drake. William Kimber, £6.50. 207 pages

How well I recall George Devine standing on a chair in the ruins of the Kingsway Theatre, announcing the proposals for what turned out to be the English Stage Company at the Royal Court. He went on and on, far beyond his brief, *until Neville Blond plucked him* by the trousers and got him to join the drinking public on the stage.

He was a visionary, like the pilgrims in Hassan (he played the Caliph for OUDS) who go "always a little farther." But he was also an efficient businessman who tended to become business manager in organisations he had joined for artistic reasons, such as Motley, the designers. He became deeply involved with Michel Saint-Denis and the London Theatre Studio, where acting included mime, dance, design and every branch of theatre.

After the war, in which he naturally became an efficient staff officer, he rejoined Saint-Denis at the Old Vic Centre, *which incorporated* a children's theatre, the Young Vic. This venture was absurdly allowed to die—murdered, perhaps, by the Governors—after six years, and Devine returned to acting and direction. The English Stage Company grew from his extraordinary friendship with Tony Richardson, a director who cared nothing for the Saint-Denis principles but was anxious to start a "truly contemporary" company.

Irving Wardle's account of Devine's life is outstandingly good. He shows himself to understand the problems that arose from the inside; his account of the rise and decline of the Royal Court in Devine's time is intimate and informed (though in a rare error he suggests that the Earl of Bessborough and Lord Duncannon were separate people).

Royal Court affairs occupy almost half the book, and it is they above all that will immortalise Devine's name in the English theatre. The project was, of course, a failure; Devine believed that the splendid plays he put on would influence the rest of the theatre, whereas, as we now see, the standard of the commercial theatres is if anything lower than it was in the annus mirabilis of 1956.

I hope a copy of George Rowell's book will go to Buckingham Palace. Queen Victoria was an avid patron of both theatre and opera; in 1852, for instance, she went to the opera 13 times and the play 39. Well, she didn't go to the play always; at Windsor and St. James's and Balmoral there were command performances and amateur theatricals all the time, even after Prince Albert's death. Mr. Rowell has made a most interesting record of the Queen's thespian activities, principally extracted from her private and still unpublished journals.

She was an assiduous though hardly profound critic: "Most effective and very pretty" is for *a family production of Racine* (in French, bien entendu), "full of the most beautiful and touching melodies" is *Lucia di Lammermoor* at the Italian Opera. But her taste was good, except when she said that Berlioz's *Benvenuto Cellini* was "most unattractive and absurd"; and she kept up with the times, commanding a performance of *Lohengrin* at Windsor in 1899 and finding it "the most glorious composition."

Fabia Drake has the apostolic succession from Ellen Terry. She played the great Shakespeare parts in the 1920s; obsessive stage-fright and a happy marriage robbed the stage of her for a time, but she is now with us on television and radio. She has written a charming, devoted book.

Pin high BY BEN WRIGHT

To say that 1978 is so far anything but a vintage year in terms of golf's rich literature is almost an understatement.

As always, books of instructions outnumber those that describe the heroic deeds of the game's leading figures—in this instance by three to one. This is a fact that never ceases to amaze me, since there is no generally accepted method of playing the game.

What the author is saying in each case is that the reader should attempt to play like him. This is rather more than ridiculous since it cannot take into account the physical size, strength and weaknesses of thousands of people who differ completely in these departments from the author. The latter usually plays golf for a living in any case, while his readers are frequently happy if they can manage to squeeze in a couple of arthritic games every week.

Mindy Blake (Golf: The Technique Barrier Souvenir Press, £3.50) is not a professional golfer but he was a first class athlete in his native New Zealand. A brilliant engineer and inventor, he always felt that golf-instruction had never progressed past its infancy because scientific methods have never been applied to the game.

Blake brought his own scientific mind and considerable engineering knowledge to the subject, and came up some years ago with a book also published by Souvenir Press entitled The Golf Swing of the Future, which was revolutionary in that it departed radically from many well-accepted principles. The golfing establishment promptly turned its collective back on Blake, hinting that he was something of a crank. But the world-wide public response was so enormous that it became commonplace for Americans to fly in and track down Blake to his Wentworth, Surrey, home for more details.

This new book is the direct result of world-wide curiosity, an attempt to clarify the earlier book's theories in certain grey areas, and take these theories further and into much more detail. It is a fascinating volume, as was the previous offering, and required reading for any golfer who, like me, feels that the glut of gimmick-ridden instructional material foisted on a public avid for knowledge in the past 20 years or more has done little to increase understanding of golf's scientific fundamentals.

Master Golf by Neil Coles (MacDonald and Jane's £3.95) and The Young Golfer by Vivien Saunders and Clive Clark (Stanley Paul, £3.95) both come into the category just described. They tell us nothing we have not read before a thousand times. The Coles book offers very little text in its 63 large pages, but the photographs are of excellent quality. The Young Golfer bases its photographic section on eight action-swing sequences of the authors that can be followed by flicking through the pages, a good idea for children. Unfortunately many of them look as if they were taken on a foggy morning in February.

Golf to Remember by Michael Hobbs with Peter Alliss (Batsford, £5.50) claims to be an analysis of some great achievements in golf, undertaken by Mr. Hobbs because, as he asserts in his introduction, reporters of the great rounds of golf were almost invariably in the wrong place, and thus eye-witness accounts of past feats are strangely lacking.

I have never met Mr. Hobbs, which is possibly because I have always been in the wrong place when witnessing the great achievements in golf for the past 25 years.

But on page 13 Mr. Hobbs referring to Johnny Miller's effort in the 1975 U.S. Masters tournament at Augusta writes: "He was out of it anyway and had missed the cut only by three strokes." On the next page he refers to the 14th hole at Augusta as measuring 475 yards. It has never been longer than 420 in the many years I have been there.

هكذا من الأمل

LABOUR NEWS

Engineering employers call for lower stage 4

BY CHRISTIAN TYLER, LABOUR EDITOR

ENGINEERING employers, the main voice within the CBI, yesterday set out their requirements for Stage Four of the incomes policy, now only 10 weeks off.

Stressing their dislike of pay norms, the management Board of the Engineering Employers Federation nonetheless admitted that another phase and another "norm" were inevitable. The norm should be expressed in percentage terms and be "substantially below" the Stage Three figure of 10 per cent, they said.

The EEF called on the Government to make an early decision. Mr. Denis Healey, Chancellor, said last weekend the Government and unions must find an answer to the problem of controlling earnings by August 1—when Stage Three expires—especially since there would be a general election "in the near future."

Although time appears to be fast running out, the TUC has not yet arranged a date for a formal session with Ministers at which their ambitions for "an understanding" can be tested.

Mr. Len Murray, TUC general Secretary, repeated yesterday that there could be no deal. The TUC had decided its policy.

Asked whether the unions would have anything to offer the Government in its search for "appropriate" counter-inflation policies he said there were many ways of controlling inflation. Expanding the economy was one.

Response

But he added: "I have no doubt that there will be an understanding by trade unions of the need to keep inflation down and I have no doubt there will be a response by negotiators to a climate in which the Government is very clearly making further effort to tackle the problems of the economy."

But there was no "plan or stratagem" emerging from policy discussions with the Government.

The engineering employers' leaders called on the Government to give a lead in reforming collective bargaining so that industry could be "extricated from incomes policies." There must be a more equitable balance of power between employers and unions.

Meanwhile, maintenance of the 12-month gap between main pay settlements was essential, genuine productivity deals should be allowed outside the guidelines, and the policy must allow "flexibility within companies."

Pay policies were damaging if continued and the EEF's objective must be to return to "responsible collective bargaining."

This phrase, incidentally, now seems to be accepted by employers, both main political parties and many TUC leaders as preferable to "free collective bargaining."

Graduate employment outlook 'gloomy for next 10 years'

BY NICK GARNETT, LABOUR STAFF

A GLOOMY picture for graduate employment in the next 10 years is presented today in a report by the manpower studies group of the Department of Employment.

There will be slow growth in the kind of jobs the highly qualified held in the early 1970s. The number of people of working age and with first degree or equivalent qualifications will double throughout the 1971 to 1986 period.

The result is that graduates will have to seek jobs which only a few years ago graduates were not prepared to take.

Employment aspirations will have to be altered and employers should be prepared to employ graduates on a wider range of work than they do now.

In the 15 years to 1986 more than 1m people will be added to those in the labour force with first degrees or equivalent. In the next eight years more than one in six people seeking first jobs will have some form of higher education.

The report estimates that by the middle of the next decade the proportion of graduates looking for the type of jobs not considered suitable for graduate employment five years ago will have risen to 27 per cent, compared with 11 per cent in 1976.

Growth in the number of qualified people is likely to be much more rapid for women than for men and in arts and social studies rather than science.

The report says there are indications that employers are adjusting to the increased availability of highly qualified job seekers.

Talks to resume in bid to end Post Office engineers' dispute

BY PAULINE CLARK, LABOUR STAFF

HOPES OF an end soon to more than six months of industrial action by Post Office engineers, affecting some 670 exchanges throughout the country, are pinned on talks to be resumed next week on a union demand for a 35-hour week.

Leaders in the Post Office Engineering Union said yesterday that an offer was expected from management which, if acceptable, would be sent out to branches for consideration before the union's annual conference in the first week of June.

That was the earliest date possible for calling off the action, however, because it was the result of a conference decision last year.

The number of exchange connections affected in the City of London are said by the Post Office to be small.

But the City's impatience with long delays in getting new exchange lines connected was underlined yesterday at the annual meeting of Antony Gibbs, the banking and insurance concern. Shareholders were told a planned move to new offices at the end of this month could not take place because of the dispute.

Sir Philip Dezulvueta, chairman, said there was concern because the lease of the present building in Bonhill Street expired on June 24. He claimed that probably 34 major institutions in the City were also affected.

In the country as a whole, the Post Office estimates that some 65,000 exchange connections are overdue, including about 3,000 in the London area.

Talks on the union's demand for a shorter working week are being held separate from the current pay negotiations. Post Office engineers and union leaders hope an agreement can be made which will not eat into any pay offer which may emerge within the Government's 10 per cent guidelines.

The engineers due for a Stage Three settlement in July, claim they are the only Post Office workers on a 40-hour week.

Trawler strike threat

SKIPPERS and mates of the Aberdeen trawling fleet have lodged strike notice with fishing boat owners to take effect on June 15 in a dispute over bonus payments.

The strike, if it goes ahead, will immobilise the 84-strong fleet, the biggest in Scotland, for the first time since the deckhands' ten-week strike in 1969.

Today about 20 trawlers in port for landing will not sail until after a meeting of the Trawl Officers' Guild, and may remain in port until a meeting with the owners this afternoon or tomorrow.

Mr. Joe McLean, secretary of the 224-member guild, said the owners proposed paying the bonus, related to the profitability of the vessel, once a year instead of six monthly. The fishermen oppose this because of the variations in fishing and earnings from one month to the next.

Mr. Robert Allan, chief executive of the Aberdeen Vessel Owners' Association, said that they had been talking with the Guild for some time on that aspect of the agreement involving skippers' bonuses and there was a considerable amount of talking still to be done.

Strikes cost half-million working days in April

BY NICK GARNETT, LABOUR STAFF

WORKING days lost through strikes last month showed an appreciable increase over March—but both the number of stoppages which began during the month and the number of workers involved in strikes fell.

Lost working days rose to 541,000 in April over the previous month's total of 373,000. The number of strikes beginning in April fell from March's total of 195 to 141 and the number of workers involved in stoppages fell from 74,000 to 49,000.

For the first four months of this year, working days lost totalled 2.3m as against 2.8m in the first third of last year, according to figures in the Employment Gazette's May edition. This represents a drop of 17.5 per cent.

Stoppages which began in the first four months of this year were down to 728 from last year's first four-month total of 946—a fall of 23 per cent.

In terms of working days lost during the first third of this year, industries most affected were motor vehicles, financial and professional services, general engineering and shipbuilding and marine engineering. In terms of the number of strikes, however, coal mining, with 101 individual stoppages, was second only to engineering.

The Department of Employment lists three prominent stoppages—a five-week strike by workers at an Ayrshire distillery, stoppages by locomotive repair depot workers and the strike at Rolls-Royce's Coventry aero-engine plant.

● Average weekly earnings for different sections of the workforce in all industries covered by the Department survey are listed.

For white-collar male workers, full-time manual male workers, women in the white-collar sector and women in full-time manual work, the October 1977 figures were £88.90, £72.89, £53.80 and £44.31 respectively.

October 1976 figures were £81.60, £66.97, £48.80 and £40.61, and those of the previous year £68.40, £59.58, £39.60 and £34.19.

For the four groups in 1970, the figures were £36.12, £28.05, £19.59 and £13.99, and for 1960 £19.10, £14.53, £10.15 and £7.42 respectively.

Average weekly earnings of full-time male and female white collar staff in the coal and petroleum product industries are listed as the highest of any industry in the October survey.

Average earnings there were £101.10, with those in gas, electricity and water next at £84.20, mining and quarrying at £83.80 and chemicals and allied industries at £82.70. Vehicle building industry white collar staff were the only other group whose average earning were more than £80.

Average pay for white collar workers in clothing and footwear was the lowest of all industries surveyed at £59.90. Those in furniture and other timber-related industries, textiles and peripheral metal industries were also under £70.

For all manufacturing industries, average weekly earnings for white collar staff was £74.70—made up of £86.70 for men and £46.60 for women.

Complaints by Russian unionists may be studied

BY OUR LABOUR EDITOR

THE International Labour Organisation in Geneva probably will be asked to launch an investigation into complaints raised by a group of trade unionists in Russia.

Mr. Len Murray, TUC general secretary, said after a meeting of the general council, at which the issues were reported, that the request would come from the International Confederation of Free Trade Unions.

The TUC is taking a wary line. While supporting "the free exercise of trade union rights anywhere in the world," it is somewhat impatiently awaiting an answer to its letter to the Soviet trade union centre about the group, before making any pronouncement.

Meanwhile, it has been claimed that some of the leaders of the group have been sent to psychiatric hospitals.

Mr Murray said: "We are dealing here with allegations regarding trade union members who, so far as we can understand, are not dissidents, but are complaining about the way their own unions, they allege, are ignoring their rights as trade unionists."

The TUC's international committee is hoping for a reply to its letter in time for its meeting next month.

Prison officers demand big pay rise next year

THE 21,000 strong Prison Officers Association yesterday demanded a big pay rise next year without any Government interference on the ground that its members are paid "a measurable pittance for a unique job."

The association recently settled this year's claim within the Government's ten per cent guidelines plus fringe benefits. They want to return to the established Civil Service pay formula by next spring, whatever the economic circumstances are. They were compelled to drop this formula during the past three years of pay restraint.

The impatient mood of the association was summed up by Mr. Albert Cooper, a senior prison officer from Winson Green jail Birmingham. He described how the guardians of Britain's 41,000 prisoners had to face daily danger and yet deal sympathetically with prisoners' problems.

He warned the Government that if prison officers did not get the huge pay rise next spring there would be a danger of mounting discontent, resulting in a go-slow in the prison service.

Court sets aside ACAS Playboy Club proposal

AN arbitration service proposal that the Playboy Club should recognise the Transport and General Works' union was set aside in the High Court yesterday.

ACAS — the Advisory, Conciliation and Arbitration Service — had failed to consult the Park Lane club's staff association before making the recommendation on April 14, 1977, and it was therefore invalid, said Mr. George Dillon, QC, for the club.

Both ACAS and the TGWU agreed to the recommendation February, 1976, by members of the TGWU's subsidiary group, the Association of Clerical, Technical and Supervisory Staffs, working in the club's gaming rooms.

Their application for recognition had been refused by the club, which also has premises in the Claremont Hotel, London, and in Manchester.

Mr. Dillon said: "No reasonable body would have failed to consult the association, and ACAS therefore failed in its duties under statute."

By agreement, Mr. Justice

COMPANY NOTICES

BANK LEUMI LE-ISRAEL B.M.

Notice to the Holders of U.S. $10,000,000 7 per cent. Guaranteed Convertible Bonds 1984

(Convertible into Ordinary Shares of IL 1 each of Bank Leumi le-Israel B.M.) of

LEUMI INTERNATIONAL INVESTMENTS N.V.

NOTICE IS HEREBY GIVEN to the holders of the above Bonds that Bank Leumi le-Israel B.M. ("the Bank") is making an issue of—
178,079,100 REGISTERED ORDINARY SHARES OF IL.1 each
and of
A SERIES OF IL.139,359,700 CAPITAL NOTES (OPTIONS) 1983 (SERIES 4) ("NOTES")
(registered, subordinated, unlinked, non-interest bearing and convertible into Ordinary Shares of IL.1 each of the Bank; every IL 2 nominal of Notes will be convertible into one such Share in the conversion periods in each of the years 1979 to 1983 on the payment of an additional IL.1.90 in cash at the time of conversion).

The 178,079,100 REGISTERED ORDINARY SHARES together with IL 59,359,700 NOMINAL OF NOTES are being offered by way of rights to the Ordinary Stockholders of the Bank and holders of outstanding securities carrying conversion subscription rights into Ordinary Shares of the Bank
IN 5,935,970 UNITS OF SERIES "A"
Each Unit of Series "A" comprises 30 Ordinary Shares and IL 10 nominal of Notes

Holders of the above Bonds are entitled to subscribe 1 Unit of Series "A" for every U.S $68.30 nominal of Bonds.

Price to those entitled to Rights—IL 85 PER UNIT OF SERIES "A" (Components: IL 2.50 per share in respect of Shares par in respect of Notes) Payable in full on acceptance not later than 3 p.m. on 21st June, 1978

The Bank has applied to The Tel Aviv Stock Exchange for the listing of the Units of Series "A" and of the Ordinary Shares and Notes comprised in such Units on the commencement of separate dealings therein on 1st August 1978 and of the Ordinary Shares to be allotted upon the conversion of the Notes and the said Stock Exchange has given agreement in principle thereto.

The Bank will apply to The Council of The Stock Exchange in London for listing thereon of the Ordinary Shares comprised in the Units of Series "A" only when separate dealings in the Ordinary Shares comprised in such Units commence on The Tel Aviv Stock Exchange on 1st August 1978. The Bank will not apply for listing on The Stock Exchange in London of the Units of Series "A" or of the Notes.

[illegible]

... regard to any of the above Bonds in respect of which Talon No. 1 has been so deposited but the Rights have not been exercised will be sent to the person who deposited such Talon.

Notice was published on 8th May 1978 reminding holders of the above Bonds that they have the right to convert their Bonds into Ordinary Shares in the period 1st to 30th June 1978 (both inclusive) and thereafter during the period from and including 1st November in each calendar year (from and including 1978) up to and including 30th June in the next calendar year up to and including 30th June 1984. As Ordinary Shares arising on Conversion will not entitle holders to participate in the Rights Issue holders of the above Bonds who propose both to take up their rights and to convert their Bonds in the period 1st to 30th June 1978 should arrange to take up their rights before they convert.

25th May 1978

London Borough of HOUNSLOW Variable Rate Stock 1982

For the six months from 25th May 1978 to 25th November 1978 the interest rate on the above stock will be 10.9063% per annum.

Midland Bank Limited

JUSCO CO. LTD.

Advice has been received from Tokyo that at the Annual Shareholders Meeting held on 17th May 1978 a Dividend of Yen 16.50 per share was declared to Shareholders as at 20th February, 1978.

Holders of EUROPEAN DEPOSITARY RECEIPTS TO BEARER wishing to claim this dividend in respect of the shares represented by their EDRs should present Coupon No. 4 at the office of
Hill Samuel & Company Limited
45, Beech Street
London EC2P 2LX
where listing forms are available or
Kredietbank Luxembourgeoise S.A.,
43, Boulevard Royal,
Luxembourg.

Coupons must be presented by an Authorised Depositary and must be left four clear days for examination. [illegible]

[illegible]

HILL SAMUEL & COMPANY LIMITED, London EC2P 2LX.

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of the Debenture Stocks of the Company will be closed for one day only on 9th June 1978 for the preparation of the Interest Warrants payable on 1st July 1979. Dated this twenty-fifth day of May, 1978.

W. A. COSGROVE, Secretary.

Blackwell House, Aldenham Road, Watford, Hertfordshire, WD2 2EY

WHITBREAD INVESTMENT COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Register of Ordinary Shares of the above Company will be closed from 13th June, 1978, to 28th June, 1978, both days inclusive for the preparation of the Final Dividend in respect of the year ended 31st March, 1978, payable on the 21st July, 1978.

R. E. GILLAH, Secretary.

Brewery, Chiswell Street, London, E.C.1.
25th May, 1978.

WHITBREAD & COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Registers of the "A" and "B" Ordinary Shares will be closed from 13th June, 1978, to 28th June, 1978, both days inclusive, for the preparation of the Final Dividend in respect of the period ended 25th February, 1978, payable on 21st July, 1978.

R. E. GILLAH, Secretary.

Brewery, Chiswell Street, London, E.C.1.

THE RIO TINTO-ZINC CORPORATION LIMITED

NOTICE

To holders of Warrants to Bearer

ORDINARY SHARES OF 25p EACH
NOTICE IS HEREBY GIVEN that a Final dividend of 6p per Share will be paid on the 3rd July 1978 in respect of the year ended 31st December 1977.

Payment of this dividend will be made after presentation of Coupon No 35 at any of the undermentioned offices of payment.

3.5% "B" CUMULATIVE PREFERENCE SHARES OF £1 EACH
NOTICE IS HEREBY GIVEN that a dividend of 1.75p per Share will be paid on the 3rd July 1978 in respect of the half-year ending 30th June 1978.
Payment of this dividend will be made after presentation of Coupon No. 52 at any of the undermentioned offices of payment.

OFFICES OF PAYMENT

The Rio Tinto-Zinc Corporation Limited, (Registered Office), 6 St. James's Square, London SW1Y 4LD.
Banque Rothschild, 21 Rue Laffitte, 75009 Paris, France.
Societe Generale de Banque, 3 Montagne du Parc, 1000 Brussels, Belgium.
Banque Internationale A Luxembourg S.A., 2 Boulevard Royal, Luxembourg.
Union Bank of Switzerland, Bahnhofstrasse 45, CH 8021 Zurich, Switzerland.

The Rio Tinto-Zinc Corporation Limited, (Transfer Office), Central Registration Limited, 1 Redcliff Street, Bristol BS1 6NT
Banque Bruxelles Lambert S.A., 2 Rue de la Regence, 1000 Brussels, Belgium
Banque Generale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg
Societe de Banque Suisse, CH 4002 Basle, Switzerland.
Credit Suisse, Paradeplatz 8, CH 8021 Zurich, Switzerland.

Under the imputation tax system in force in the United Kingdom these dividends will be payable without deduction of United Kingdom tax and for Shareholders resident in the United Kingdom will carry a tax credit calculated by reference to the basic rate of income tax applicable at the date of payment. Where a double tax agreement so provides, Shareholders resident outside the United Kingdom will obtain a tax credit, against which some United Kingdom tax may fall to be offset.

Coupons, which must be listed on special forms, which can be obtained on or after Tuesday 30th May 1978 at any of the above offices may be deposited on or after Wednesday 7th June 1978. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for examination.

Shareholders should note that under the Company's Articles of Association adopted on 20th May 1970, provision is made for the forfeiture of the above dividends if not claimed within 12 years from the 24th May 1978

By Order of the Board.
D. A. STREATFEILD, Secretary.

6 St. James's Square
London SW1Y 4LD.

25th May 1978.

LEGAL NOTICES

No. 001279 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HUNTERSBURGH LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY given that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 16th day of May 1978, presented to the said Court by J. ZWIRN & COMPANY LIMITED of 120 Wigmore Street, London, W.1. Furriers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 19th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

DONALD NELSON & CO.,
107 Baker Street,
London, W.1.
Ref: PH Tel: 01-486 8421.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of June 1978.

No. 001381 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SHERWOOD SECURITIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY given that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 16th day of May 1978, presented to the said Court by DRAYTON CORPORATION LIMITED of 114 Old Broad Street, London EC2P 2RY, Bankers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 19th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHURST MORRIS CRISP & CO.,
17 Throgmorton Avenue,
London EC2N 2DD.
Ref: CF. Tel: 01-283 1070.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of June 1978.

PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS

The £7m. ninety-one day Bills were issued on the 25th May with maturity on the 24th August, 1978. Applications totalled £20.5m. The minimum price accepted was £97.82. The average rate of discount was £8.743956%. The total Bills outstanding is £20m.

CLUBS

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OMELL GALLERIES. Fine British and French MODERN PAINTINGS and Modern British MARITIME PICTURES. 40 Albemarle Street, Piccadilly, W.1. [illegible]

New demand for TV cameras in Commons

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT yesterday faced renewed demands for the televising of the proceedings of the Commons only eight weeks after the start of the sound broadcasting of both Houses of Parliament.

But it was immediately apparent from the heated exchanges in the chamber that MPs themselves are still split into two strongly opposed camps on the issue.

Some not only wanted to prevent the introduction of the television cameras. They even urged that the House should scrap the new sound broadcasting arrangements.

Mr. John Farr (C. Harborough) had broached the whole subject by attempting to introduce a 10-minute rule Bill to make provision for televising proceedings. His intention was to test the opinion of the House by putting the Bill to the vote.

But an immediate vote was prevented because MPs had to move on to the traditional adjournment debate on the spring Bank Holiday recess.

Some saw this as a deliberate manoeuvre by the Government to prevent the airing of a contentious issue. MPs, however, got round this problem by raising the matter throughout the adjournment debate, an occasion when they can discuss any topic of interest.

Mr. John Stokes (C. Halesowen and Stourbridge), argued that to televise the House would be utterly disastrous. The recent experience on sound broadcasting only confirmed him in this view. He thought that the only good thing to have come out of it was the broadcasting of debates from the Lords.

"The measured tones of their Lordships, the quality of their speeches, and the absence of background noises makes listening to them quite a delight," he said.

In contrast, the noise and the tone of the exchanges in the Commons, particularly during Prime Minister's question time "has transformed this noble and honourable House into a mere branch of show business."

Mr. Stokes said that the situation had become so intolerable that the whole question of the continuation of broadcasting should be fully debated and voted on in the House. "Otherwise we shall sink deeper and deeper into the mire," he declared.

According to **Mr. Robert Adley** (C Christchurch and Lymington), the BBC always seemed to concentrate on the most noisy and disagreeable exchanges. This confirmed some of the worst fears of MPs about broadcasting, he said.

But **Mr. Bob Mellish** (Lab. Bermondsey), chairman of the Commons Select Committee which was set up to keep an eye on sound broadcasting, pointed out that although the committee had invited MPs to submit their views and suggestions, not a single one had responded. A number of letters have been received from the public and these were mostly in favour of broadcasting.

Mr. Phillip Whitehead (Lab. Derby N), a former television producer, did not believe that the public was annoyed by the noisy exchanges. The cut and thrust of argument in the House was the very essence of Parliamentary democracy.

"Radio is taking us, warts and all, to the people of this country," he told the House.

At the same time, he agreed that the broadcasts brought too much emphasis on Prime Minister's question time — "this absurd ritual of cardboard warfare."

Some listeners were angered that the broadcasts replaced their favourite programmes on medium wave. In view of this, Mr. Whitehead suggested that the possibility of using VHF should be looked into, and that entire debates might be carried.

The fact that listeners had to rely on a commentary to understand what was happening in the chamber gave added weight to the case for television being introduced, so that people could follow what was going on more easily, he argued.

The former leader of the Liberal Party, **Mr. Joe Grimond**, considered that on the whole broadcasting had been a success and that the introduction of television was inevitable at some stage.

Mr. Nigel Spearing (Lab Newham S) said it might well have been the case that 90 per cent of the live Parliamentary broadcasts had been meaningless to the public. But it had been worthwhile if the remaining 10 per cent had made sense.

More consular facilities for fans

SCOTTISH football fans travelling to Argentina for the World Cup are being given detailed advice on how to avoid trouble, Mr. Ted Rowlands, Foreign Office Minister of State, said in the Commons yesterday.

He told MPs that Britain's consular arrangements in Argentina were being strengthened to cope with any difficulties which may arise.

"We have arrangements for special consular facilities in the towns where matches are being played as well as strengthening our own consulate in Buenos Aires," the Minister declared.

Ministers accept move to harmonise tax rates

By Ivor Owen, Parliamentary Staff

AN OPPOSITION amendment bringing the rate of Advance Corporation Tax (ACT) into line with the 1p reduction made earlier in the basic rate of income tax was accepted by the Government yesterday in the Commons Standing Committee considering the Finance Bill.

As a result, the ACT rate laid down in Clause 14 is now 33-67ths instead of 34-66ths.

Mr. Peter Rees, a Conservative spokesman on Treasury affairs, said it was crucial that the rate of ACT should be harmonised with the basic rate of income tax.

The business community should know the rate of ACT likely to be operating so that dividends could be calculated, he said.

It is understood that the cost of the change in 1978-79 will be £33m. But it is expected that this amount will be recovered by the Revenue through the payment of mainstream Corporation tax so that, in a full year, the cost will be nil.

Tory MPs welcomed this consolidation of their victory on the basic rate of income tax, but showed their disappointment when **Mr. Joel Barnett**, Chief Secretary to the Treasury, failed to give any encouragement to their expectations that dividend control will be allowed to lapse in July.

Despite sustained Opposition pressure for a definitive statement on the Government's intentions, he skilfully avoided any commitment and left the Chancellor's options open.

"The Government has not yet made a decision on this matter," said Mr. Barnett.

Mr. Rees contended that the business community was entitled to know the Government's intentions. He claimed that dividend control had been largely a cosmetic and political exercise to humour Mr. Jack Jones and Mr. Hugh Scanlon, and suggested that it was no longer needed even for this purpose.

Mortgage

Opposition demands for a higher upper limit for mortgage interest relief — at present £25,000 — were rejected by **Mr. Robert Sheldon**, Financial Secretary to the Treasury.

He assured the committee that, in accordance with undertakings given in 1974 when the £25,000 limit was introduced, Ministers had considered the possibility of an upward revision. But the movement in house prices over the last four years did not justify the introduction of a higher limit at the present time.

Mr. Sheldon recalled that when the £25,000 limit was established for mortgage interest relief, the Chancellor made it clear that he regarded it as a high figure which should be expected to stand for some time.

Mr. Nigel Lawson, a Conservative spokesman on Treasury affairs, argued that the movement in house prices and in the Retail Price Index since 1974 required that the £25,000 limit should be increased as a matter of equity.

A figure of £40,000 was advocated by **Mr. Nicholas Ridley** (C. Cirencester and Tewkesbury) and other Opposition MPs. **Mr. Peter Brooke** (C. City of London and Westminster S) suggested that a higher upper limit for mortgage interest relief would help to overcome the growing problem in parts of central London caused by the purchase of property by foreigners, of whom the Arabs provided the most conspicuous example.

There was considerable pressure for the introduction of regulations already operated in some other countries which would make it impossible for foreigners to buy real estate or property in London, but he was not in favour of such a course. "I hope we can maintain an open society," he said.

Mr. Brooke called on the Government to recognise the need to encourage the provision of private-sector housing to let in London, so that accommodation was more easily available in the capital for transient businessmen.

As a protest against the Government's refusal to raise the £25,000 limit, Tory MPs voted against the entire clause governing mortgage interest relief, but made it clear that, if it were to be defeated, they would seek to introduce a more appropriate limit at report stage.

The clause was approved by 17 votes to 14, Government majority 3.

Limit on EEC powers urged

A House of Lords committee warned yesterday that Government departments might be tempted to use Common Market powers to by-pass Parliament.

Britain had transferred some sovereignty to the EEC, but the extent of the transfer should be defined and the Community should keep within its powers, the committee urged.

The committee argued that EEC treaty powers which sought to bring the laws of member countries into line should not be used to cover every aspect of life.

Labour executive puts secrets law demand

BY RUPERT CORNWELL, LOBBY STAFF

A DISPUTE was simmering last night between the Government and Labour's National Executive Committee over the promised but long delayed, White Paper setting out proposals for reform of the Official Secrets Act.

The national executive yesterday carried by 11 votes to one a resolution expressing concern at reports that the White Paper will deal only with changes in the catch-all Section 2 of the Act, which dates back to 1911, and make no commitment to the "Freedom of Information Act" promised in Labour's 1974 Manifesto.

Mr. James Callaghan told the national executive that the proposals, initially sketched out by Mr. Merlyn Rees, Home Secretary, as long ago as November 1976, would be out "shortly." They would comply with the undertaking given in the last Queen's Speech.

He left no doubt that the national executive, while it had every right to make its views known, would have scant chance of changing the Cabinet's mind.

The debate over official secrets reform has been complicated by the emergence of a powerful lobby at Westminster, consisting of more than 100 MPs of all parties, who demand a full-scale Freedom of Information Act along American lines. This would place the burden on the authorities to justify withholding information.

The dispute came to the surface last month with the rumpus in Parliament over the naming of "Colonel B," the signals officer involved in a secrets case.

Any move to a Fredom of Information Act is being resisted by both Civil Service and many Labour Ministers.

The Cabinet is also worried by the timing of the White Paper's publication, for fear of its coinciding with one of the secrets cases now before the courts, and of subsequent possible embarrassment.

It is clear that the proposals will not appear until well into the final part of this Parliamentary session, after the return from the Whitsun recess.

Pressure was exerted yesterday by the national executive, particularly by Mr. Ian Mikardo, the Left-wing MP for Tower Hamlets, for action also to be taken on Section 1 of the Act, which deals with security and espionage.

NEC approves compromise plan on re-selection

BY RUPERT CORNWELL, LOBBY STAFF

LABOUR'S policy-making National Executive Committee yesterday gave the final approval for the key compromise on re-selection of sitting MPs to go before—and presumably be endorsed by—the party's annual conference.

The new formula, which was devised by Mr. Joe Ashton, the Left-wing MP for Bassetlaw, who is not on the executive, provides for a two-stage process.

A sitting MP would first face a special readoption meeting of his constituency general management committee. Only if that refuses him the vote of confidence will a full-scale re-selection conference be held.

The MP will be guaranteed an automatic place on the shortlist, and will be protected by ample procedures for appeal to the national executive.

At yesterday's meeting an amendment calling for automatic re-selection conferences, put forward by Miss Joan Maynard, Left-wing MP for Sheffield, Brightside, was voted down by 15 to four. A similar majority then endorsed the Ashton compromise, which has the strong backing of the Parliamentary party.

Its chances of ratification by the required two thirds majority at Blackpool look good—assuming that the annual conference is not cancelled as a result of Mr. Callaghan calling a General Election in October.

The big unions seem certain to give support. It has been their opposition to the more radical approach demanded by many constituency parties which has tipped the scales, as it is now likely to do in the equally important debate over possible changes in the method of election of the party leader.

Howe calls for fairer system of income tax allowances

BY PHILIP RAWSTORNE

SIR GEOFFREY HOWE, Conservative Shadow Chancellor, yesterday suggested that a more equitable income tax system might be achieved by providing every taxpayer with the same tax allowance.

Such a move could be the best solution to complaints of married women about their tax treatment, Sir Geoffrey told the Conservative Women's conference in London.

Every taxpayer, man or woman, would be placed on the same basis.

In the case of married couples, each partner's allowance would be set first against their own income and any excess, subject to certain safeguards, could then be transferred between partners.

Sir Geoffrey said that a Conservative working party was investigating the issues and any changes in party policy would follow its report.

But he emphasised that a majority of Western nations had now switched from a tax system based on the family unit to one based on the individual.

Pressure for the change had come almost entirely from women taxpayers.

The rules and practices of tax authorities in dealing with married women were increasingly widely, and rightly, resented.

If the individual allowance were set at the right figure the change would secure a significantly larger combined tax allowance for the couple where one partner did not go to work but remained at home to care for the family.

It would end the present unfairness which enabled some married couples to enjoy allowances two-and-a-half times as large as those available to a single person.

The change would also mitigate the injustice of lumping together the whole of a married couple's income for investment income surcharge.

Mrs. Margaret Thatcher, Conservative Party leader, told the conference that, on the same arithmetic used by the Chancellor to announce an 8.4 per cent rate in 1974, inflation was already back in double figures.

On a three-monthly basis, the annual rate was now 10.5 per cent, she declared.

The increase in money supply foretold higher inflation in the future. "Day by day this Government is clipping our coinage."

Inflation under the Labour Government had amounted to "an assault on the morality of the nation."

She accused the Government of failure equally to safeguard other traditional values. The "dreadful decline in standards and increase in crime" could not be shrugged off as a sign of the times

People wished to be protected against violence, theft and intimidation. But Labour promised welfare while ignoring well-being.

Old people in the big towns "go in fear and trembling as never before." Thousands no longer felt safe from assault and robbery.

Yet when the Conservatives responded to these fears they were accused of exaggerating.

"Conservatives believe protection of the citizen in his lawful and peaceful pursuits is the Government's prime duty."

Not enough priority had been given to strengthening the police force and too much notice had been taken of those who blamed rising crime on social factors, she said.

Judd promises view on future of Britain's diplomatic service

THE WORK of the British diplomatic service in helping businessmen secure overseas orders was defended by Mr. Frank Judd, Minister of State, Foreign Affairs, in the Commons yesterday.

Mr. Judd said responses from businessmen underlined how effective they had found the support given by the service.

The Minister assured MPs that the Government's conclusions on the future of the diplomatic service, including the recent report from the central policy review staff—the Think Tank—would be announced before the summer recess.

Mr. Gwylim Roberts (Lab Cannock) said it was high time that some of the commercial work overseas was taken out of the hands of the "pin-striped brigade" and put into the hands of people who had some understanding of the problems of industry and business.

Mr. Judd said this country's commercial work overseas had to be second to none if Britain was to survive. He had recently met some of the foreign service staff involved in this work in north America and had found their professionalism and sense of commitment outstanding.

When **Mr. Bruce Grocott** (Lab. Lichfield and Tamworth) protested that Britain's overseas representation was more extensive and more expensive than for other countries of comparable size, Mr. Judd agreed that cost effectiveness was important. It was his experience, in many parts of the world, that Britain had an unrivalled service.

Handicapped title 'should be abolished in schools'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

LEGISLATION to abolish the title "handicapped" for children unable to receive normal education, was urged on the Government yesterday as the result of an official study lasting nearly four years.

Instead, young people with disabilities should all be designated "children with special educational needs," said the 25-strong committee of inquiry headed by Mrs. Mary Warnock, of Oxford University.

The report — which Government sources informally regretted as a missed opportunity—proposed the new title as part of a major change in the official attitude towards children ill-fitted for standard teaching.

The present tendency was to split the handicapped into sub-groups, such as the blind, or epileptic, and educate them in special schools with places for only about 2 per cent of the nation's full-time pupils.

When account was taken of maladjustment and other less obvious disabilities, added the Warnock Report, the proportion of the pupil population in need of special provision was more like 20 per cent.

It proposes, among 225 recommendations, a network of devices to identify and provide for special educational needs from an early age, if necessary keeping the parents in touch with "a named person" in one of the various social services throughout the child's education.

Children who showed signs of a disability while attending a normal school would be subject to a five-stage diagnosis. Under this, if the problem proved intractable, a widening range of health, social and psychological workers would be brought into consultation on the case.

Local authorities would be statutorily empowered to require "children of any age" to undergo a "multi-professional assessment," and obliged to provide one if parents so requested.

While some children would still be educated separately, the committee hoped that special needs would be catered for as far as was reasonable as part of normal schooling.

Initial Whitehall reaction was that the report was largely a mass of uncosted idealism, which might obscure aspects of the problems that the Government could afford to remedy quickly.

The 416-page report, however, does put forward—although it does not estimate the cost—the need for "first priority" measures in three particular areas.

These are improved provision for special needs among children under five; among youngsters aged 16 and over; and for special training in catering for such needs for the majority of school and college teachers.

Special Educational Needs, Cmnd 7212. SO; £5.65.

Councils urged to spend more on housing

By David Churchill

THE RELUCTANCE of some local authorities to build council houses is being overcome by new government monitoring of town hall spending on housing, Mr. Reg Freeson, Housing Minister, said yesterday.

Details of the monitoring for the next financial year are being sent out today to local authorities in a circular from the Department of the Environment.

Mr. Freeson yesterday told a Commons select committee that the new monitoring system—the housing strategies and investment programmes — had encouraged local authorities to spend more on housing.

"Even the most reluctant individuals in local authorities have been forced to face up to the facts." They were now more inclined to respond to Government directives on new council house building.

There is still concern that local authorities are not spending enough on house building, especially in decaying inner city areas.

The system of housing investment programmes was announced a year ago in a Government Green Paper. The programmes are aimed at making the best use of local authority housing expenditure.

Walker calls for big Tory assault

By Richard Evans, Lobby Editor

AN APPEAL to the Conservative Party, made jittery by its falling ratings in the opinion polls, to stop apologising for its past record and start attacking the Government much more aggressively came yesterday from Mr. Peter Walker, the former Tory Minister.

Mr. Walker, now expected by many to be in Mrs. Thatcher's Cabinet, if the Conservatives gain power, advocated a determined campaign to expose the "myths" that Labour had a better Ministerial team and that the Government's record was better than that of the Tories.

The challenging tone of his speech was in marked contrast to the gloom that has settled over many leading Tories following publication this week of the National Opinion Poll giving Labour a 4.9 per cent lead and rumours that Mr. Callaghan might be preparing to call a snap summer election.

Many Tory MPs are noticeably nervous about the apparent upsurge in Labour's fortunes and at the marked personal popularity of Mr. Callaghan in the country, in contrast to that of Mrs. Thatcher.

The Prime Minister's jibe last week that the Tories were a "one man band" hit home particularly hard, and Mrs. Thatcher is being urged by advisers to push her shadow Cabinet team much more into the spotlight. It is feared that a Callaghan claim of leading a much more effective team could be particularly damaging during an election campaign.

Mr. Walker, addressing Oxford University Conservative Association, has now advocated the aggressive tactics that many backbenchers feel should have been adopted by the front bench months ago. His relationship with Mrs. Thatcher and the shadow Cabinet continues to be one of the more intriguing elements of current Westminster politics.

Mr. Walker said that as a result of increasing Government borrowing, the benefits of North Sea oil, the advantage last year in Britain's terms of trade and the television performances of the Prime Minister, the Government had a lead of 4.9 per cent in the latest poll.

"On their performance, they deserve to be 24.9 per cent behind and it is the task of the Tory Party to see that in these coming few weeks or months, that performance is exposed to the electorate.

"We must stop being half apologetic about the last Conservative Government and point out that in virtually every sphere that Government performed far better than the present administration."

Mr. Walker argued that the Tory record was much better in education, in social services, in housing, and in the creation of employment.

"We strengthened our defences and Labour have weakened them. We lowered taxation, while Labour has increased it. We had the lowest rate of domestic inflation in western Europe while Labour has achieved the highest rate."

Mr. Walkers criticised the performance of Ministers, particularly Mr. Denis Healey, Chancellor of the Exchequer, "whose every forecast and promise has been dramatically broken" and Mr. Fred Mulley, Defence Secretary, "under whom the armed forces have been more depressed and more eager to quit than at any time in post-war Britain."

This was no team to continue to govern Britain. The task of the Tory party was to see that the electorate realised just how bad the Labour Government had been and the manner in which, collectively, Ministers had dissipated all the benefits that Britain should be receiving from North Sea oil.

Crews 'face stress' on oil tankers

By Lynton McLain, Industrial Staff

HUMAN ERROR is the most common cause of oil tanker disasters, a House of Commons Select Committee was told yesterday by a panel of witnesses from the London insurance market.

The committee is inquiring into ways of preventing collisions and strandings of noxious cargo carriers in the wake of the Amoco Cadiz and Eleni V accidents.

"In every case, there is an element of human failure somewhere in a stranding, fire or collision," said Mr. Richard Rutherford, general manager of Lloyd's Underwriters' claims and recoveries office.

"Much of the negligence of crews may come because of pressure put upon them. They do not have easy hours of work."

The witness told the committee that shipowners tended to go for the cheapest crews. But the complexities of life aboard a modern supertanker could lead to stress, negligence and disaster, whatever the experience of the crew.

There were pressures from the sheer size of the vessels, their complexities and greater speed than in the past. "One monetary error can have a substantial adverse effect," the committee was told.

هكذا من الأهل

Walker calls for big Tory assault

The Financial Times

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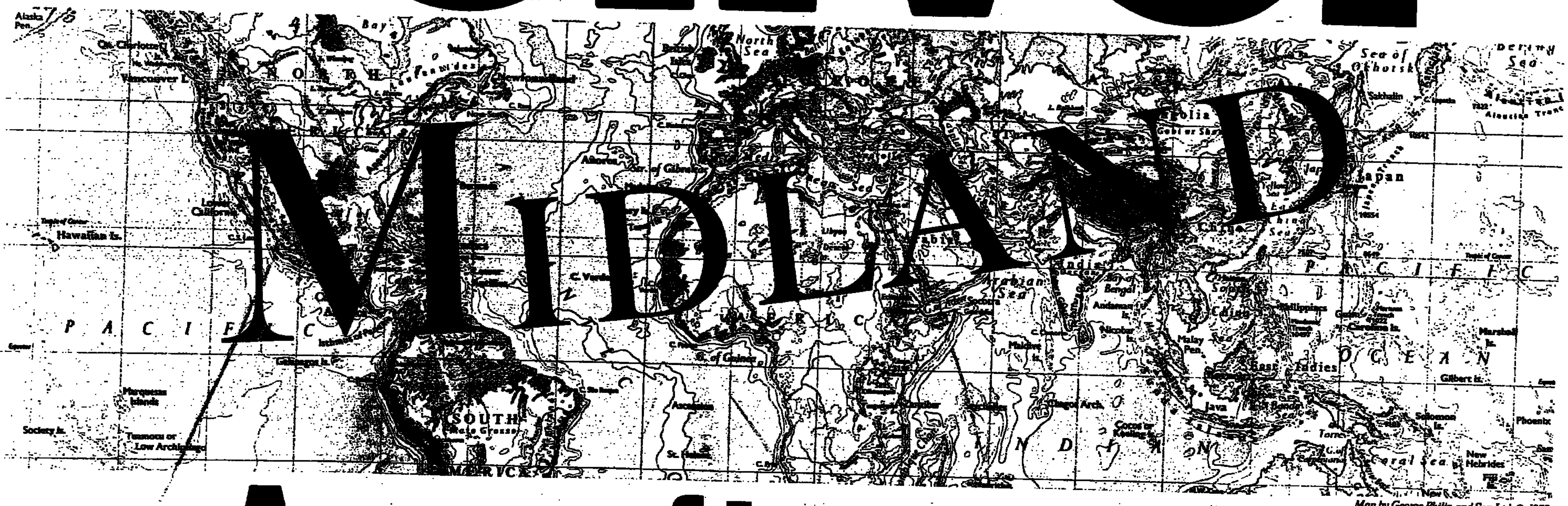

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THE JOBS COLUMN

Marked prospects in Hanover, Africa etc.

BY MICHAEL DIXON

THE INSURANCE manager who interviewed me for my first job 24 years ago naturally offered me a glimpse of the heady prospects available. "To my certain knowledge," he said "there is a man in this office earning £500 a year who is not yet 30 years old."

Those who stayed in the business have, of course, since seen improvements in pay and conditions—we still worked three Saturday mornings a month in 1954. But I would nonetheless suspect that there are one or two insurance managers in the United Kingdom, if not in other countries, who might consider a job being offered by London-based head-hunter Bill Larman.

It is true that the post is in Hanover, West Germany, where I am told that living costs are about a third higher than in Britain. That, however, should not altogether pauperise the recruit, whose salary will amount to roughly £50,000 a year; the range in Deutschmarks being 180,000 to 200,000.

The opening is for someone who can bring up-to-date professional management skills—evidenced by successful leadership of a substantial insurance operation—to the Board of Hanover Iron and Steel Insurance.

The Board, of no more than half a dozen, heads an organisation of some 1,600 souls concerned mainly with reinsurance for large industrial concerns. Although less important than demonstrable expertness in managing (as sharply distinct from selling) insurance, some experience in the reinsuring business would help.

Candidates, expectedly aged around 40, will also need at least enough German to be raised to working competence by a crash course, which could be provided during the six to nine months "settling-in" before the new director becomes fully operational. I gather that perks include a car.

Outline qualifications in writing to Bill at Larman Associates, Tavistock House North, Tavistock Square, London WC1H 9HX — telephone 01-388 7207.

Liberia

TWO OTHER self-export opportunities for English-speaking managerial types are being offered through Birmingham-based David Upton, chairman of the FMR consultancy which regularly ships 80 or more British executives a year to West Africa.

On this occasion the employer is the Government-owned Liberia Telecommunications Corporation currently planning, not only improved services internally in the 1.5m-population country, but also large-extensions to external services. With resources including iron ore and rubber, Liberia is apparently attracting significant investment from Japanese and other foreign commercial interests.

The jobs, both responsible to managing director Sam Butler, who is an American, are for a financial controller, and a commercial manager.

The controller will be accountable for all LTC's financial operations from invoicing and payroll, through budgeting, to international settlements and financial confabulations with the owning Government.

Candidates should be appropriately qualified at degree-level, and a Master of Business Administration would certainly not be looked at askance. Experience in public corporations is wanted, and familiarity with telecommunications would help.

The commercial manager will need to be strong in marketing and sales, but will also be concerned with developing office procedures for collection of accounts, resolving customers' complaints, reviewing performance of operators and like staff, purchasing, and repairs. A similar level of formal qualification is desired, but success in comparable area of telecommunications work is the main requirement.

Both jobs also carry an important responsibility for the training of Liberian staff, and that means being willing and able to get down and do detailed work oneself occasionally so as to show the trainees how. Most likely age range in either case is 40-50. Experience in a developing country preferable but not essential.

Appointments for two years or longer offer salaries negotiable around $30,000 (about £16,550) plus family accommodation, car, help with school fees and so on. Food costs are towards double those in UK, says David Upton, and Liberia still allows savings to be brought out.

Written applications to him at FMR, Regency House, 107, Hagley Road, Edgbaston, Birmingham B16 8LA—telephone 021-454 3691.

Taxation

SOMEONE WITH a shrewd understanding of the complexities of taxation and the ability to write about them clearly is wanted by John Wilson, managing director of Tolley Publishing.

A subsidiary of Benn Brothers, Tolley has about a dozen tax publications which it renews as and when laws and customs require, and has lately entered the higher-frequency periodical business with a fortnightly review and digest for company secretaries.

The recruit will be based in Croydon and be responsible to Eric Harvey, the editorial director, for helping to produce the existing range of products and to develop new ones.

The mix and level of work will depend on the successful candidate's experience, about which Mr. Wilson has a remarkably open mind. He requires candidates to be chartered (like himself) or certified accountants or members of the Institute of Taxation. Their experience in tax work, however, could be as little as two years or as much as maybe.

This vagueness does not help me to estimate the salary—which is not disclosed—but I would conjecture that the minimum would need to be about £7,000 and the maximum a bit into five figures.

Written applications only to John Wilson at Benn Brothers, 25, New Street Square, London EC4A 3JA.

Incognito

NOW FOR this week's "anonymous-employer" offerings, bearing in mind that Philip Egerton, the head-hunter handling the jobs, guarantees to honour any applicant's request not to be made known to the employing company until specific permission has been given. He would prefer interested people to telephone 01-734 7282, although Philip Egerton and Associates' address is 35, Piccadilly, London W1V 9PB.

A Europe-wide group with £34m turnover wants a managing director to extend its business—specialised services based on rigorously trained people—in Ireland. The newcomer will probably work from Dublin, reporting to the UK chairman.

Candidates must have achieved profits in a labour-intensive service operation, for example in setting up regional sales network or widespread repairs organisation. Likely age 35-50. Salary about £10,000 plus car and fringes.

The second Egerton offer is another job in West Africa, probably Nigeria, for a 38- to 45-year-old with civil engineering qualifications and experience, as a senior director of the African branch of international engineering consultancy.

Demonstrably keen commercial judgment is needed, as is experience of work such as major road construction, airports, colossal buildings, water-supply and sewerage, harbours and docks. Salary around £35,000, plus accommodation and other expatriate perks.

No Jobs Column on Tuesday because of the bank holiday.

International Corporate Finance

Kleinwort, Benson Limited require a young man or woman, aged approximately 25 years, to join its International Corporate Finance team.

Applicants should be graduates and have either a further qualification or a financial background, although not necessarily in merchant banking.

The capacity to work under pressure is essential. International experience and a working knowledge of a European language would be an advantage.

Please write giving full but concise details of age and career history to:

M. L. Darby, Assistant Staff Manager,
Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

KLEINWORT, BENSON
Merchant Bankers

INTERNATIONAL BANKER

We require an International Banker with outstanding credit and marketing experience gained over several years in a banking environment, to join our wholly owned subsidiary in Hong Kong.

Applications are invited from bankers in their late twenties or early thirties with a strong Scandinavian background and fluent in English.

Candidates must have an in depth knowledge of all aspects of international lending including trade finance and syndications.

The successful applicant will be given an initial training period in London and then take up the position in Hong Kong. Applicants should be prepared to commit themselves to three years in the Asia Pacific area and also be prepared to travel fairly frequently.

Terms and conditions will be commensurate with the position and will include one trip back to Europe for the family each year.

Please write with particulars of past experience, age, education and family circumstances, to Mr. J. C. Clark, Manager Personnel, Nordic Bank Limited, 41, Mincing Lane, London EC3R 7SP.

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Applicants should be chartered accountants probably aged around 30. They should ideally have experience of a relevant service industry and demonstrate the commitment to succeed in a challenging environment.

Success in this position should lead to a Board appointment.

For more detailed information and a personal history form please contact Nigel V. Smith, A.C.A. or Peter Dawson, B.A. quoting reference 2148.

Commercial/Industrial Division
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DLA

Charles Barker Confidential Reply Service

Please send full career details and list separately companies to which we should not forward your reply. Write the reference number on the envelope and post to our London office, 30 Farringdon Street, London EC4A 4EA.

Gulf Merchant Banker

A major International Banking Group is seeking a young Merchant Banker for its Gulf based Merchant Bank. Applicants should be Chartered Accountants with at least two years Merchant Banking experience preferably in medium term lending. They should be between 25-28 years and prepared to live and travel in the Middle East.

Please reply with full C.V. to the Security Manager, quoting reference 1469.

Managers for Commercial Vehicle Business in Africa & The Middle East

Successful selling in these two key market areas depends on the quality of one's contacts and real business acumen. We are searching for two Regional Managers who are able to bring this expertise to our client, a newly formed international truck marketing operation. An aggressive new marketing policy has been decided and the two new Regional Managers will be responsible for spearheading sales in their areas. Considerable expansion of business is called for by this major British company, therefore these two key positions represent exceptional challenges. In addition, the prospects of moving into a General Management role are very real.

We would like to discuss these important new positions with candidates (either male or female) who have an outstanding record of achievement in one of the two areas. It need not be in truck sales. We will also be looking for resilience of character (to cope with a fair degree of international travel), drive and the presence to represent our client at a senior level. We will also be interested in assessing your long term development potential.

The jobs will be based in central London and the remuneration package will be attractive. To apply, either telephone for an Application Form or send a c.v. to the address below. Please quote ref. RSM. At this stage all approaches will be treated in the strictest confidence.

Cambridge Recruitment Consultants
9 Brunswick Walk, Cambridge CB5 8DH. Telephone: Cambridge (0223) 311316.

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

EUROCURRENCY BUSINESS DEVELOPMENT OFFICER £ Negot.
Our client is a merchant bank recently formed by a consortium of prominent international banking names. To assist in the development of Eurocurrency Credit Business the bank seeks to recruit an executive, probably aged in his/her 30s, with experience in international corporate finance, particularly syndication of Eurocurrency loans and Eurobond underwriting. This is an attractive opportunity for career development within a new organisation with very sound backing.
CONTACT: Roy Webb

STERLING DEALER £ Negot.
A City firm, actively trading in the Sterling Money Markets, wishes to recruit a dynamic and accomplished Sterling Dealer. Candidates should have significant experience in Bills of Exchange, C.D.s, and inter-bank deposits, and be well-connected both in the City and amongst commercial depositors. Attractive remuneration is negotiable for a candidate whose capabilities match the demands of this appointment.
CONTACT: Mike Pope

MONEY BROKERS £ Negot.
The following money broking vacancies are among the many we can currently offer in this field:–
1. Experienced Local Authority Brokers or Dealers.
2. Trainee Broker with fluent French, for prominent firm –c. £4,000
3. Foreign Exchange Deposit Broker with many years experience, for leading firm – £10,000
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CONTACT: Mike Pope

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Eurocurrency Banker

Our client, a major New York based bank, is looking for an experienced man or woman to complete a professional team specialising in Eurocurrency lending to its Southern European customers.

This new appointment is based in London and offers participation in all aspects of the team's activities. These include relationship development, liaison with the Bank's Head Office and extensive European network, and involvement in Eurocurrency loan syndications. Subsequent re-assignment within two years to New York or one of the Bank's continental offices is a distinct possibility.

The successful candidate, aged 25-30, will have approximately three years' relevant experience in Eurocurrency banking, credit analysis and loan documentation. Fluency in at least one continental language is essential.

An attractive base salary will be supported by the usual fringe benefits normally associated with a first-class multi-national bank.

Please write in strictest confidence enclosing a full curriculum vitae, including present income, to: J. G. W. Cluett, at the address below, quoting ref. EB/251/FT, listing any companies to which your application should not be forwarded. All replies will be answered.

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Salary negotiable, but executives earning less than say £18,000 at present are unlikely to succeed in this instance. Appropriate fringe benefits, superannuation and life assurance, etc. Relocation expenses naturally, if necessary.

If you feel you have the outstanding qualities this appointment will require, write briefly and in confidence - please do not telephone - and I will arrange to talk about it in more detail with the minimum delay.

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Please write with details of career to date and state any firms to whom your letter should not be forwarded, to:

J. D. Vine, Account Director (Ref: CRS/50),
Lockyer, Bradshaw & Wilson Limited,
North West House,
119/127 Marylebone Road, London NW1 5PU.

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Applicants, ideally aged 30 to 35, must be chartered accountants with significant post-qualifying experience in a commercial environment. Ideally they will have experience within a property orientated organisation with well developed financial control and management reporting systems.

Write in confidence, quoting reference 2984/L, to M. D. O'Mahony,

Peat, Marwick, Mitchell & Co.
Executive Selection Division,
165 Queen Victoria Street,
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For an application form please 'phone 01-897 3246/3247 (between 9am and 4pm) or write to:

Head of Recruitment and Selection British Airways (Ref 633/FT/PW) P.O. Box 10, Heathrow Airport-London, Hounslow, Middlesex TW6 2JA.

British airways

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American investment bank in the City with wide international activities requires a research assistant/librarian. Responsibilities include the preparation of a wide variety of information on U.K. and Continental companies, and supervision of the library and filing system. Familiarity with U.S. companies, knowledge of at least one foreign language, and previous experience in banking desirable. Salary negotiable.

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This newly-created post will extend the present personnel function into new areas with initial responsibility for the training and career development of both junior and managerial staff. Wider responsibilities will follow in due course.

Candidates, preferably graduates and/or MIPM in their early 30's, must have had responsible personnel management experience, not necessarily in banking. Additionally, good experience of job evaluation and a broad knowledge of industrial relations and employment legislation are regarded as essential.

Career prospects for the successful applicant are self-evident and the salary plus benefits will be most attractive.

Contact Norman Philpot MIPM in confidence on 01-248 3812

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LRC International Ltd., has a turnover approaching £100M in the home, health care and leisure markets and is looking for a financial accountant as Controller for its entire finance function, with a view to promotion to the Group Board within 18 months. As a member of a small executive team he/she will report directly to the Managing Director and have functional responsibility for accounting staff at headquarters and at Group companies in the United Kingdom, Continental Europe, North America and elsewhere.

The candidate's career should include an appointment of comparable seniority with substantial experience of financial planning and control, particularly involving currency management and foreign taxation. The ability to quickly recognise and evaluate commercial opportunities is important. Age is secondary to an agile intellect and a flair for optimising the use of Group resources within an international organisation.

Short periods abroad each year will be necessary and a knowledge of at least one other European language would be an advantage.

The benefits which are commensurate with this senior appointment give the remuneration package a value of circa £18,000.

Application, in writing please, to Brian Lynch, Personnel Director, LRC International Limited, North Circular Road, Chingford, London E4 8QA.

LRC International Limited

Marketing-Finance

Planning
Speak French?

It is hard to find a single job title that does not detract from the very broad interests of this appointment, but if the items in the heading come within your orbit, please read on.

The Chief Executive of a substantial (£100m+) division within a major British group, runs his companies with the help of a small but very able team of managers, based in London's West End. A recent promotion has created an opportunity for an ambitious young person, aged about 35, to assume the staff marketing role, coupled with that of Financial Controller.

He or she will advise the Chief Executive on financial controls, marketing and financial planning, divisional strategy, preparation of acquisition and divestment studies and appraisals, involvement in negotiations and, in the case of successful acquisitions, will co-ordinate their integration into the division.

With a significant part of the division's operations based in France, it will be necessary for the job holder to speak French.

The post will probably appeal to senior management consultants or executives performing a similar role in an industrial environment or merchant bank, who are seeking a way through to line management and a chance to run their own company before too long. The requirement is one exacting, but rewards upwards of £12,000 plus car are negotiable, plus removal expenses.

Please send brief but comprehensive career details to Charles Barker-Coulthard Ltd., 30 Farringdon Street, London EC4A 4EA quoting Ref. No. 452/4/FT

Charles Barker-Coulthard

30, Farringdon Street, London, EC4A 4LA.
Telephone: 01-236 0526

A.G.M.
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PA Personnel Services Ref: SM26/6437/FT Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

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Management and Executive Recruitment Consultants

29/31 Mitre St. London EC3. Tel: 01-283 1954 (5 lines)

Peckston Shipping

Humberside

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c. £8,000

This is a new appointment resulting from a recently implemented Company reorganisation into regions.

The Company, founded in 1926, has grown profitably and rapidly in the last two years in response to business opportunities and now operates 10 Branch Offices, three of which are in Humberside. These offices are located in Hull, Birmingham and Grimsby and are involved in ship agency, freight forwarding and ship chartering services. The Company is a subsidiary of the privately owned Peckston Group.

The Regional Manager will be responsible for the profitable operation of the Humber offices, the development of new business and the effective administration of the branches.

Candidates should be between 28-35 years old and have had a successful and progressive career as a generalist manager within a service industry. Shipping experience is not necessary. Managerial and professional training will be given. The Regional Manager will be located in Hull and will report directly to the Board.

A Company car, relocation expenses and a non-contributory pension scheme are offered. The profit-sharing scheme currently operating within the Company should enable the committed Manager to improve earnings considerably.

Please apply, in writing, for an application form to:

**David C. Ord.,
Managing Director,
Peckston Shipping Ltd.,
Dundas House,
Middlesbrough, Cleveland**

OPPORTUNITIES WITH BARCLAYS BANK IN NIGERIA

Representatives from the Lagos Head Office of Barclays Bank of Nigeria Limited will be visiting London during the summer to interview Nigerian nationals who would be prepared to return and work for the bank in Nigeria.

Various categories of staff of Nigerian nationality are required up to age 30, with the following experience and qualifications:—

1 With banking or allied experience who are AIB's or have at least completed Part/Stage 1 of the examinations, or the equivalent, for supervisory and lower management posts.

2 Graduates or Post-Graduates, preferably with some banking or commercial experience, to commence as Management Trainees.

Salaries, terms and conditions of service will be discussed at the **interviews in London.**

Please apply in writing giving full details of qualifications and career to date to:—

Assistant General Manager (Staff),
Barclays Bank of Nigeria Limited,
40 Marina, PM Bag 2027, Lagos, Nigeria.

Closing date for receiving applications in Nigeria will be 16 June 1978.

BARCLAYS NIGERIA

International Banking

We have been asked by a number of International Banks in the City to help find young bankers with interest and ability in the following areas:—

Internal Audit (3)	£4,000 - £6,500
Euro. Loans Admin.	to £4,500
Documentary Credits	c. £4,000
Foreign Exchange (2)	c. £3,500
Accounts (Stg. & F.X.) (3)	c. £3,500

It is clearly impossible here to elaborate to a worthwhile degree either on the particular job definitions or the career opportunities they represent, except to say that they are each with relatively small but expanding Banks that demand genuinely sound experience and offer equally genuine prospects.

please telephone either John Chiverton, A.I.B. or Trevor Williams .... on 405 7711.

David White Associates Ltd.

Hampden House, 84, Kingsway, London, WC2

LOANS ADMINISTRATION OFFICER

To join E.C.4 bank in the initial stages of their Lending/Credit Section. Previous experience in Loan Syndications and allied operations.

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Fully qualified or in final stages A.C.M.A., A.C.A. for E.C.4 bank. Experience in banking an advantage.

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Experience in all aspects: payments and collections for E.C.2 bank.

Age 25+ Salary £4,000 neg.

LJC BANKING APPOINTMENTS
283 9958

Group Financial Controller

South Yorkshire

This is the top finance post in a thrusting public group, active in the construction and allied industries and in related commercial areas. There are 8 operating subsidiaries and turnover is climbing towards nine figures.

Within a remit covering the corporate finance function the Controller will carry prime responsibilities dictated by the group's recent rapid growth – one, a general review and updating of accounting methods; another, the development of top management reporting from which all possible obscurities have been excised.

Candidates should be FCA in their middle 30's with career records demonstrating appropriate experience, and achievement, in industry.

Salary negotiable from £15,000. Car (Rover 3500) and benefits – and future prospects – to match.

Please write – in confidence – to Wallace Macmillan ref. B.31214.

This appointment is open to men and women.

MSL Management Consultants

Management Selection Limited
474 Royal Exchange Manchester M2 7EJ

International Banking

Young Business Professionals

. . . for an international banking group with its head office in the City of London. The group's policy is to recruit highly qualified young people with the potential and ambition to reach senior management positions. Initial appointments will be in the area of Corporate Banking and, thereafter, depending on achievement, there will be opportunities to assume other responsibilities in the UK and overseas.

Typically, candidates should be in their twenties with a good degree and could be MBA's or qualified accountants or solicitors. Candidates should have some track record in business or finance.

Appointments are, of course, open to both men and women.

The compensation package will be attractive with non-contributory pension scheme and subsidised mortgage.

Please telephone (01-629 1844 at any time) or write – in confidence – for information. Mrs. C. Gorst ref. B.8069.

MSL Management Consultants

Management Selection Limited
17 Stratton Street London W1X 6DB

Financial Controller

c.£12,000

A leading International Insurance Company wishes to appoint a Financial Controller who will play an important role in developing its Branch Office in London.

Applications are invited from Qualified Accountants with substantial commercial experience in an Insurance company and who are capable of working entirely on their own initiative.

Primary requirements are the ability to set up and supervise efficient accounting systems, to prepare all necessary statutory returns and to provide financial, secretarial and management accounting services and advice to the General Manager of the Branch.

At the outset, the Financial Controller must be prepared to work alone, without back-up staff, in fulfilling the functions outlined above although, in due course, it will be necessary to plan and recommend additions to the Accounting staff in line with the growth of the Branch's activities.

The salary is negotiable around £12,000 p.a. and this is an outstanding opportunity for *a young, energetic accountant to get in on the ground floor of a new and interesting* development with exceptional career opportunities.

Applications should be made, in the strictest confidence, quoting Ref. No. AM74, to *R. W. Murphy, Hughes Ovens & Hewitt Ltd., Executive Recruitment Consultants,* 6–8 Old Bond Street, London, W.1., who have been retained to advise on this appointment. No information will be passed to our client without the applicant's prior permission.

HOH HUGHES OVENS & HEWITT

FINANCIAL CONTROLLER

London, W.1 c. £10,000

Our client is a major division of a specialist manufacturing company, with a turnover of £200m, and is a world leader in its field.

It is now planned to strengthen the central finance function through the appointment of a Financial Controller who will report to the Financial Director. The parameters of the position are broad and encompass control over financial and management reporting, short and long range planning, and the extension of computer based systems. In addition, the successful candidate will be expected to make a positive contribution to the company's development.

Applicants must be qualified accountants, probably aged 30-40, who have developed broad experience in an industrial environment requiring the interpretation and analysis of information. They should be able to successfully motivate staff and demonstrate the commitment and flexibility necessary to succeed in a demanding senior management role.

For more detailed information concerning the appointment and benefits, and a personal history form, please contact Nigel V. Smith, A.C.A. quoting reference 2151.

Commercial/Industrial Division

Douglas Llambias Associates Ltd.

Accountancy & Management Recruitment Consultants,
410 Strand, London WC2R 0NS Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel. 031-225 7744

DLA

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We are one of the top companies in the U.K. computer services business – and also part of an international network.
Our major clients include leading clearing, foreign and merchant banks and other financial institutions in the City of London who use us for a variety of computer applications including on-line foreign exchange systems, credit evaluation and financial management systems which are widely acknowledged as being the best available.
Expansion of these services into new areas within banking creates an exceptional opportunity in our customer support team for a young, ambitious man or woman.
This position involves working closely with our clients, advising them how they can make the best use of our services and then supervising all the aspects of the installation of their systems. It offers a stimulating change from a mundane desk job to a more challenging and rewarding career.
If you are the *right* person, we will train you extensively both in the use of computers and our specialised products for the banking community so you can learn how our customers benefit from our services.
We would like you to be aged 23–28, ideally with a degree, and have 3 years' experience of Foreign Exchange Operations, preferably with a foreign bank. Some involvement with on-line computer systems would be useful. But more important is a keen desire to change your career course and the confidence and potential to succeed in a professional marketing environment.
We value your foreign exchange knowledge and will pay you up to £8000 p.a.
Our attractive benefits include Company car, BUPA, pension/life assurance scheme etc.
We are a young organisation – individually and as a Company. If you are seeking a dynamic activity where personal effort is encouraged and rewarded phone:– Nicholas Birtles on 01-222 5665 or write to him at:

Comshare Limited,
32-34 Great Peter Street, London SW1P 2DB

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FINANCIAL CONTROLLER

East Anglia — **c. £9,500+Car**

Our client is the market leader in price marking systems in the U.K. and a subsidiary of a major U.K. public company. There is currently a multi-million £ turnover and plans indicate substantial growth.

Responsibility will be to the Managing Director for Finance and Accounting, Administration, Secretarial, Personnel and Office Services. The ideal candidate will be a numerate qualified accountant, aged 28-40, with line experience at a senior level, who can make a general management contribution in a tough but exciting environment.

The attractive benefit package includes a bonus scheme linked to performance and a generous relocation package where applicable.

Malcolm Hudson & ptnrs
Management and Executive Recruitment Consultants
29/31 Mitre St. London EC3. Tel: 01-283 1954 (5 lines)

Taxation Accountant Banbury

Alcan Aluminium (UK) Ltd., one of Europe's leading aluminium companies, seek a Taxation Accountant for the Group Taxation Department in Banbury.

The successful candidate will research and assist in the development of tax strategies for the Group, for which a thorough knowledge of all aspects of company taxation is essential. An accounting and/or taxation qualification would be advantageous.

We offer an attractive salary, dependent on experience and qualifications. Generous benefits include assistance with re-location expenses, where appropriate. Banbury is a pleasant market town situated on the edge of the Cotswolds within easy reach of London and the Midlands, and with the added benefit of relatively low-cost housing.

For an informal discussion, please telephone F. A. Crowdson, Group Taxation Manager, on Banbury (0295) 4545, or write to him at Alcan Aluminium (UK) Ltd., Alcan House, South Bar, Banbury, Oxon OX16 9XJ.

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DIRECTOR/ GENERAL MANAGER

Taunton — **£10,000 + and car**

James Pearsall and Company Limited, Taunton, requires a General Manager who will also be appointed to the Board of Bridport-Gundry (Holdings) Limited, its publicly quoted parent. Pearsall's, an old-established Silk Throwster, makes surgical suture, twines, braids and industrial sewing threads. Expansion into sewings is expected to continue strongly. The Chief Executive will be responsible for the profitable performance not only of Pearsall's, but also of North Mills Textiles Limited, Bridport, producers of spun yarns, twines, lines and ropes.

An experienced textile executive with general management experience is required. A knowledge of industrial sewings would be an advantage.

Please telephone for an application form quoting reference GM/269/4 to:–

Miss Linda Hayward ICFC-NUMAS Limited
5 Victoria Street, Windsor SL4 1EZ
Windsor (07535) 56633

ICFC NUMAS
A subsidiary of Finance for Industry Ltd

Managing Director

c £20,000

Based in London, our Client is a private company engaged in the manufacture and marketing of consumer products sold through mail order catalogues, retail stores and supermarkets, etc. There are substantial exports to a wide range of countries and an overseas subsidiary. The position has arisen due to constant rapid growth of sales and future expansion plans.

Reporting to the Chairman, the appointee will be accountable for the future expansion and profitability of the U.K. company. This will require the reorganisation and development of the management team and possibly the relocation of the offices and warehousing facilities.

Candidates, male or female, in the late 30's, should be well qualified senior managers, preferably with a business school training. A sound record of achievements, ideally in consumer products, in a role with full profit accountability is essential.

The remuneration package is made up of a basic salary of £15,000 plus profit sharing, a prestige car, the usual senior level benefits and an equity holding, after a qualifying period.

Please apply in writing, giving your telephone number and quoting reference 829, to Peter Barnett, F.I.P.M., M.I.M.C., Barnett Keel Ltd., Providence House, River Street, Windsor, Berks SL4 1QT.
Tel: Windsor 57011. Telex: 849323.

Barnett Keel
MANAGEMENT SEARCH

Controller- Finance & Administration

Over £16,000 p.a. plus allowances

Our client is Wardley Swire Assurance Limited, a company jointly owned by The Hong Kong and Shanghai Banking Corporation and the Swire Group. Currently, the company specialises in the provision of tailor-made retirement benefit schemes for major organisations and plans for further development in the range of services offered are at an advanced stage. The retirement benefit funding systems are administered through an IBM 3031 installation.
The Controller — Finance and Administration, will be a key executive, reporting directly to the Executive Committee. The person appointed will work closely with consultant actuaries and investment advisers in the administration of policy-holders' accounts and a large, diversified investment portfolio. Responsibilities will also cover general administration and accounting systems and procedures.
Candidates must be qualified accountants, desirably with executive experience in:

- ★ investment portfolio analyses and control
- ★ Computerised systems and procedures

It will be essential for the successful candidate to acquire a thorough knowledge of retirement benefit systems in Hong Kong.
It is unlikely that any applicant under the age of 30 will have the required level of maturity demanded by our client for this important post.
Benefits include an apartment, education allowance and annual home leave with passages paid.
There are good prospects for further advancement and the position offers attractive retirement benefits.
Personal taxation in Hong Kong is currently at a rate of 15%.

Please write in complete confidence, quoting Ref. HK922/FT, to: Mr. D. E. Donaldson.

PA Management Consultants Ltd
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

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ECONOMIST

Chase Manhattan Bank wishes to appoint a suitable qualified Young Economist to join its London based Economics Group working under the direction of Professor Geoffrey Maynard, Director of Economics, Europe and the Middle East. The person appointed will be expected to assist in the economic appraisal of the economies of the Middle East and North Africa, as well as participate in the general economic intelligence and forecasting work of the group.

Applicants should be in their mid or late 20's. They should be well qualified in economics generally and have been trained in quantitive methods of analysis. Ideally, they should have had about 3 years relevant experience in Universities, Government Service or appropriate international agencies. A working knowledge of French would be a substantial advantage.

The post carries with it an attractive salary and other employment benefits.

Apply in writing, giving full details of qualifications and experience, and names of referees who may be consulted, to:

Professor Geoffrey Maynard,
Director of Economics–Europe & Middle East,
The Chase Manhattan Bank N.A.,
P & O Building 8th floor, Leadenhall Street,
London EC3P 3JL.

CHASE

Reed Executive

The Specialists in Executive and Management Selection

Financial Controller/ Company Secretary

Hertfordshire — **c £10,000+car**

This public quoted company, the accepted leader in its manufacturing field, is to recruit a qualified accountant, ideally aged 35 to 45, to report directly to the Chairman on all aspects of the finance and administration functions. The Controller will be responsible for the accounts department's timely and accurate production of management information and financial statistics, much of which is computer based, and will advise on all company secretarial matters. This is the top finance position in the company and could lead to future promotion; consequently it requires an enthusiastic and self motivated person with the strength of personality to take senior management decisions and control a large department.
Telephone: 01-836 1707 (24 hr service), quoting Ref: 0299 FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA.

The above vacancy is open to both male and female candidates.

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Commercial Banker

c. £8,500 plus benefits

We are probably the UK's fastest growing clearing bank with 64 branches throughout the country and a planned development programme. It is our aim to see further growth of our commercial banking business and we are looking for an experienced banker to play a major role in the development of the Bank and to take charge of a small highly motivated team.

Based in Manchester the successful applicant will probably be in his or her late 30's and be able to demonstrate a record of proven commercial experience at managerial level which will include credit appraisal and customer relationship.

We offer a salary based upon the responsibility involved together with the complete range of normal banking benefits including assistance with relocation expenses.

If you feel you could fit within our stimulating environment write with full details to

R. J. Gorvin, Personnel Manager,
Co-operative Bank Limited,
P.O. Box 101, New Century House,
Manchester M60 4EP.

CO-OPERATIVE BANK

Managing Director

Engineering—Scotland

For a subsidiary of a public company engaged in the manufacture of compression fittings. The factory, located in Edinburgh, comprises a small foundry, press shop and machine shop and the company has a healthy order book.
The position should be attractive to professional managers, preferably with foundry and general management experience, but experience in other engineering organisations coupled with an already successful career will be considered.
Candidates should be aged up to 45, capable of accepting full responsibility for the business, numerate, enthusiastic and with the ability to lead an existing team.
Applicants should presently be in receipt of a salary of at least £9,000 p.a.
Please write in confidence, stating age, experience, qualifications and present salary to:
Chairman, Lamont Holdings Limited,
Lamont House, Purdys Lane,
Newtownbreda, Belfast 8.

MONTAGU, LOEBL, STANLEY & CO.

Gilt Edged Department

Due to further expansion we are looking for:—

(1) An experienced gilt salesman/woman to complement the existing team;
(2) An economist to assist in both economic research and sales activities.

Attractive terms offered—negotiable according to experience.

Please reply in confidence to:
Robert Froy,
MONTAGU, LOEBL, STANLEY & CO.,
31 Sun Street,
London, E.C.2.

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Administration Manager

Midlands — **to £10,000 + car**

The Managing Director of the U.K. subsidiary of an international manufacturing group requires an assistant to relieve him of the general administration thus allowing him more time on sales and marketing. The position carries direct executive authority and responsibilities will increase as rapidly as the appointee can develop, with promotional prospects within 3 years. Candidates will be under 40 and either professionally qualified or of graduate status preferably in Business Studies or with an M.B.A. Essential qualities are decisiveness, a tough-minded approach and proven administrative ability with experience of at least two different companies.
Telephone 021-643 7226 (24 hr service) quoting Ref: 1160/FT. Reed Executive Selection Limited, 6th Floor, The Rotunda, Birmingham.

The above vacancy is open to both male and female candidates

FIELDING, NEWSON-SMITH & CO.

Private Clients Department

Fielding, Newson-Smith & Co. have vacancies in their department dealing with Private Clients, Banks, Solicitors, etc, for:—

1. An experienced portfolio manager capable of taking over day-to-day responsibility for a group of clients on the retirement of a senior executive in the autumn.
2. A young graduate or similarly qualified person, probably in early twenties and preferably with one/two years' experience, to assist the partner in charge of the department.

Please reply, with curriculum vitae, to The Managing Partner, Fielding, Newson-Smith & Co., 31 Gresham Street, London EC2V 7DX

SALES EXECUTIVE

£5,500—£6,000 + CAR

An excellent opportunity exists in the rapidly expanding Business Information Division of The Financial Times for a bright and enthusiastic Sales Executive to promote the sales of information, company reports and newsletters.

The successful applicant, who will probably be in their late 20's will have a minimum of three years experience in the high quality selling of products or services.

The prospects for such a person, who has the ability to make a positive contribution to the future success of the Division, are outstandingly good.

Applicants should write in the first instance enclosing full c.v. to:—

Personnel Manager,
Financial Times,
Bracken House,
10, Cannon Street, EC4P 4BY

FINANCIAL WRITER

International financial organization requires experienced financial writer, to write comprehensive economic analyses, in reportorial style, on the various principal industrial countries, on a per article basis.

The organisation will provide the research material required to write the articles, to be written about various countries, as designated, bi-monthly, the articles to be written about a single country, in each case.

The successful applicant will have a background in international financial reporting. The fee for writing each article, of approximately two thousand words, is £100.

Please reply, sending resumé and examples of work to:

D. S. Lowery,
P.O. Box 9533,

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TV AND RADIO

Problems with aerials

ACCORDING TO the British Aerial Standards Council, an already somewhat unsatisfactory domestic aerial installation situation is likely to be made worse by at least two advances in broadcast transmission—teletext and direct transmission from satellites.

Since it was reformed in 1973 the Council has been trying to unite the aerial manufacturing and installing industry to the point where a customer using its services will always be assured of a standard of performance and reliability.

Most of the big makers are in the Council, which has issued a standard, but there are apparently still a considerable number of "cowboys" providing both hardware and installation work of dubious quality.

Research carried out by both the IBA and the BBC also shows that, although the great majority of domestic installations will have no problems in receiving teletext, about five per cent may do so due to an aerial problem. "Ghosting" at a level which may not badly affect a colour picture can, it seems, produce garbled characters on teletext.

If, within perhaps ten years, direct broadcasting from satellites starts in the UK, there will then be a need, claims the council, for a completely new breed of aerial installers.

Already detailed plans have been drawn up for such broadcasting in the 11.7 to 12.5 GHz band and the UK has been allocated a satellite position 31 degrees west by the Geneva Broadcasting Satellite Conference.

Because long feeders at this frequency are not practical, the installation of tomorrow will involve a metre diameter receiving dish, immediately followed by a down-converter to a frequency below 1,000 MHz.

Quite apart from the need to point the dish with extreme accuracy—half degree has been mentioned—the installer will probably also be concerned with tuning the system, and, presumably, putting it right when it goes wrong.

The need for ultra-rigid mounting to maintain the pointing accuracy might ultimately be solved by building the dish into the fabric of the house—the "chimney pot" of the future.

● MATERIALS

Quick response to light

HOPES THAT a UK-developed photochromic plastic with a reaction time of a millionth of a second would soon be developed into commercial products in the U.K. have now faded permanently according to Dr. M. A. West, managing director of Applied Photophysics, the company that developed the material in co-operation with a Ministry of Defence laboratory.

At the original demonstration in 1975 a transparent plastics plate containing a dispersion of a complex organic compound was turned black virtually instantaneously by a strong flash of light, becoming clear again about half a second later.

Since then, the London company has had "several hundred" enquiries from UK companies showing an initial interest, but it is understood that none has found itself able to proceed.

As a result, Applied Photophysics' development will become a product overseas, and items such as prescription spectacles and sunglasses with virtually immediate darkening response will appear before the end of the year. Dr. West refuses to say where this will be, but it can hardly be other than in the U.S.

One of the industrial areas in which a quick response to intense light would be a distinct advantage is welding, where it is necessary to continually push up or pull down a suitable darkened visor in front of the eyes with the arc off or on respectively.

Photochromic glass or plastics are not the only materials that can achieve a suitable automatic visor, however.

At least two companies, Gor-Vue of Cleveland (Ohio) and *Revue Thommen AG in Switzerland* have developed visors based on liquid crystal technology, and the latter company is offering its product in the UK through Planet Gloves (Industrial) of Trecenydd, Caerphilly (0222 885855).

The helmet, which will sell for about £95, has a fixed visor plate divided into two halves. In the top half is an interchangeable protective welding glass of the conventional type, while the lower half consists of a combination of polarising filter and liquid crystal cell.

Before arc ignition, the welder looks through the liquid crystal half of the visor, which is then transparent. As soon as the arc is ignited, a photocell detects the sharply rising light level and triggers a voltage supply to the liquid crystal cell, which becomes opaque. Since, from that moment, there is a slight loss of definition, he will continue welding using the upper, normal welding glass aperture.

Reaction time of the liquid crystal unit is 100 milliseconds; decay, however, take about 300 ms, making the device less susceptible to arc intensity variation. The equipment is fail-safe.

There are obviously several other applications for this kind of technique, if liquid crystal panels can be made cheaply enough and with a sufficiently long life. They include important areas such as car and aircraft windscreens, windows in buildings and possibly in photography and data processing.

In the commercial absence of very fast photochromic systems, electronically actuated liquid crystals may prevail.

The UK fast photochromic project is meanwhile still under the wing of the Ministry of Defence, and it is understood that a version is being developed that will immediately stop the radiation from any laser.

GEOFFREY CHARLISH

● INSTRUMENTS

Accurate multi-meter

ALTHOUGH it is a portable or hand-held device, the newcomer to the crowded digital multimeter market in the UK just launched by Pye Unicam has the performance of a laboratory-grade instrument without costing anything like as much.

The Philips PM 2517 is a full four-digit unit rather than the "3½" commonly found. This means that it can give a higher resolution for 80 per cent of measurements.

The display itself is available in LED or liquid crystal form without difference in cost. A mains unit is supplied free with the LED version, although use of the power-saving Stand-By display mode also included with this model gives a battery life of at least 200 hours—similar to that of the liquid crystal version.

The PM 2517 autoranges, with an average response time of less than two seconds, and in addition has manual override. Its detection is true RMS, rather than "average," giving greater accuracy when non-sinewave signals are measured. The standard of accuracy achieved by the multi-meter is 0.2 per cent of the reading, ±0.05 per cent of scale on DC volts.

Pye Unicam, York Street, Cambridge. 0223 58866.

● METALWORKING

Strip shape under control

IN METAL strip production, strip shape has been a major problem for rolling mill operators. Not only does badly-shaped strip require costly correction before it can be sold, it is also hard to detect that strip is going out of shape during the rolling operation.

So far, producers have relied largely on the skills and years of experience of the mill operator to sense any irregularities in shape and take necessary corrective action. Now, shape can be watched and fully controlled even in high-speed rolling by equipment developed over the past five years by Leowy Robertson Engineering Company under the name of Vidiplan.

Fully automatic, it is regarded by rolling industry experts who have seen it under demonstration as a major advance, which must have important consequences in increasing productivity and influencing future rolling mill design.

Already, a strip mill on which the equipment has been recently installed is showing a further 25 per cent production increase from previous operation when it was running at speeds up to 1,200 metres per minute. This is the No. 5 mill at Sidal, Duffel, Belgium.

A British development, Vidiplan has attracted the interest of one of the U.S. aerospace companies which has ordered a complete *Loewy Robertson* aluminium strip mill fitted with the shape control.

Vidiplan is also available as a retrofit to existing mills and four European operators have just ordered retrofits for two mills in France, one in Holland and one in Austria.

Key to the control operation, which is under the supervision of an Interdata computer, is the company's Vidimon shapemeter. This takes the form of a long air bearing divided into several segments, placed under the strip. When tension changes in any sector the corresponding air flow from a given segment is deflected and a differential pressure set up which is detected and translated into instructions to whichever portion of the roll train needs to be adjusted. Reaction is extremely fast.

As a footnote to the results from the Duffel plant, it is significant that strip being produced on Mill 5 is of a high enough quality to be delivered to users without tension levelling.

More from Loewy Robertson Engineering Company at Wallisdown Road, Poole, Dorset BH12 5AG. 0202 512211.

Helps to maintain accuracy

IMPROVED TRANSDUCERS for accurately measuring machine-tool slide motion, and a new series of digital counters can work together to form a *complete range of digital read-out* (DRO) systems for all types and varieties of machine tool under the designation of the Ferranti Acculin range.

Latest equipment to be introduced in the series is a low-cost digital read-out system, known as the AP100, intended specifically for long-travel machine tools. It comprises an Acculin AP transducer linked to an Acculin 100 digital counter.

A characteristic of the new system is its reliability. The measuring transducer can cope with wide mounting tolerances and variations in the measuring gap resulting from heavy machining loads and slideway distortion. The transducer will also continue to operate accurately despite contamination, and a warning is provided that the measuring scales should be cleaned before contamination reaches an unacceptably high level.

The Acculin 100 counter can be specified to provide a one-, two- or three-axis digital display. *The display is in units of 0.1 mm* and a zero setting facility is provided for each axis. Inch/metric switching, preset, absolute datum and other optional facilities can be provided if required.

Ferranti, Industrial Products Department, Thornybank Trading Estate, Dalkeith, Midlothian, EH22 1NG. 031 6632821.

Makes it easier to pay

NEW LEASE purchase plans being introduced to Britain by Warner and Swasey, under the name of Cashtrol (Cash Flow Control) provides advantages over alternative methods of financing by requiring lower payments in the early years.

Cashtrol is asset-based and is believed to be the first lease plan recognising the asset value of machine tools and their productive use. Most other forms of equipment financing, including other leases, are organised in the conventional manner of a bank loan. All of these methods of financing ultimately require payback of the amount of the loan with interest. The residual value of the assets or their useful life are not considered.

High residual values of Warner and Swasey machine tools have made it possible to offer the Cashtrol lease purchase plan which includes an initial six-month payments-free period, a limited lease term of five years, high option prices (of substantial benefit to the customer in an inflationary economy) and the flexibility of an option to purchase after the second year and each succeeding year.

The customer also claims all the tax allowances and regional development grants associated with the machine's installation.

Warner and Swasey, Bristol Street House, 156, Bristol Street, Birmingham, B5 7AZ. 021 622 1581.

Cutting tool life is increased

THE performance of throw-away and regrindable cutting tool tips is said to have been improved by factors ranging from 40 to 300 per cent following the development of a new class of sintered carbide by Inco Europe.

At the latter's research and development centre in Birmingham it was found that the inclusion of a small quantity of ruthenium (a precious metal in the platinum group) in the steel milling grades of sintered carbide considerably enhanced cutting performance and extended *tool life*.

Inco says that unlike coated tips, the improved properties are not skin deep and make the product ideal for brazed-on regrindable tools.

Production of the ruthenium-containing carbide tips is being undertaken by licensees of Inco's patents and the first licensee is Higher Speed Metals, Brocco Street, Sheffield S3 7GN. Both trial and commercial quantities of the tips are understood to be available.

● AGRICULTURE

Grain drying controller

AVAILABLE from Cornercroft (Agriculture) is a grain drying and storage controller designed mainly for use with the company's fan heater units in on-floor stores and with round or square silo plants.

The unit has single knob setting, and the percentage humidity is read from a moving coil meter. Once set, the instrument controls fan and heater independently to achieve the relative humidity target set by the knob.

A continuous reading of RH in the fan air duct is given when the fan is running, or of the outside air when the fan is stopped. The two temperatures from which the instrument calculates the RH are measured by wet and dry thermistors ventilated by a miniature electric motor and fan.

Ventilation of the crop is automatically stopped when the humidity is beyond either an upper or lower limit, preventing over-drying or moistening of the grain in extreme conditions.

More about the unit, called Humidairstat, from the company at Coldham Road, Coningsby, Lincolnshire LN4 4SA (0526 42466).

● CONSTRUCTION

Venture in the Gulf

IN PARTNERSHIP with A. W. Galadari Foundations (wholly-owned subsidiary of A. W. Galadari Holdings) a company called Cementation Chemicals Gulf has been formed to operate from Dubai.

Cementation Chemicals Gulf is to offer flooring products, concrete and mortar admixtures, water repellents, adhesives, sealants and other materials plus the facilities available from an associate company, Cementation Research, for studying construction problems. The new company's address is PO Box 22 Dubai, United Arab Emirates or contact may be made in the U.K. through Cementation's head office: Rickmansworth (87) 76666.

● DATA PROCESSING

Europe's magnetic giant

LAST YEAR, one of crisis for the chemical industry, BASF's Magnetic Data Products (MDP) division showed the fastest growth and the best profit of any of the BASF divisions. Growth rate was in the 15-20 per cent region, and the gross for 1977 was around DM 300m. not including the U.S. operation, which is not consolidated.

The strength of MDP is such that BASF management is considering spinning it off into a wholly-owned *separate* subsidiary. The awkwardness comes from the type of operation that is MDP: it is both a magnetic media producer and a supplier of drives and electronics. This leads to a large service and maintenance organisation, which itself is a substantial profit earner.

BASF specialists talk privately of the economics of drive sales and support being such that a properly organised supplier can make as much profit from maintenance and service during the period of a five-year lease as they can from the leasing of the peripheral itself.

BASF's MDP division is the sole European-owned source of magnetic media and disc peripherals, disc drives, floppy disc drives, and mini floppy disc drives. *It is now beginning to be* recognised as such, and its future product is being tied in to some of the systems developments now going on in Germany.

It supplies Nixdorf, Kienzle, ITT's SEL, and Siemens. With the last, it is involved much more deeply than as a supplier of discs and drives and has gone into a joint, one for one relationship, development project to supply disc drives for the new Siemens commercial computer series now under development.

BASF is also a supplier to Philips, and has some ties with CII Honeywell Bull in France.

Currently, BASF make disc packs (Winchester type in which the head is an integral part of the pack), discs, floppy discs, "mini floppy" discs and the drives to go with them. Production of the latter is now running at 20,000 a year, and BASF is confident about the long-term future of this market. It has got the price for the small drives down to about £120 in quantity, at which point the mini floppy opens up a large applications field.

Mini floppy systems could be added to teletypes, *replacing conventional punched paper tape*, within the next few years.

BASF's tape drives are made by Storage Technology Corporation in the U.S., and disc drives by a joint company with Fujitsu in Japan, Nippon Peripherals. And this situation is likely to prevail. BASF executives point out that the relationship between *volume and price is sensitive*. They need the long production runs which joint operations can give them if they are to compete with IBM.

This does not preclude BASF from going it alone in other areas where all the technology is in-house.

Federal Government agencies think magnetic media have a future and BASF has been offered Federal R&D funds, though when it will get them, due to the immense bureaucracy of West German support mechanisms, no one can say.

● AUTOMATION

Solves complex problems

UNCLE describes computing procedures aimed at nuclear engineering, but applicable to industry at large.

They result from years of work by the computer section of the UKAEA Northern Division at Risley, Warrington.

UNCLE is an aid to setting up engineering problems in simple form, to providing solutions of complex mathematical equations and to understanding the results of calculations that relate to very complex shapes.

Applying it complex metal components are plotted automatically, *the shape* being divided into a large number of tiny spaces or "finite elements." These are small "parcels" for which it is a comparatively *simple exercise* to set up descriptive equations.

The program can then go on to amalgamate these small equations in order to simplify the solution of problems relating to heat transfer or stresses and strains in the conditions that such a component will meet once it is installed inside a reactor.

Other finite element systems are in use but the developers of UNCLE claim it has many more facilities. The program sets up the component shapes as a combination of one, two or three-dimensional arrays and these can be plotted with "hidden lines" suppressed for clarity.

It handles the input of nodal and element properties, standard restraint conditions, standard loading conditions and the solution of linear and non-linear equations.

Once calculations have been carried out, understanding the results can be simplified through the facility for plotting them as contours. For example, in analysing the vibration to be expected in a cooling tower, the whole complex surface of the tower can be straightened by the program into a rectangular *form so that* "high-spots" of stress or other results are visible to one view. If required, the results along one line of nodal points can be automatically *plotted* as a line graph.

Documentation is being prepared for more general access to the scheme by outside industry. The contact is John Enderby, Central Computer Service, Northern Division, UKAEA, Risley, Warrington WA3 6AT. Warrington 31244.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

The crisis in branding

BY MICHAEL THOMPSON-NOEL

IS THE prospect of a sharp increase in consumer spending a mirage or not? Has the economy returned to a "go" situation or hasn't it? We shall see. But according to Stephen King, a director of J. Walter Thompson, the calmer economic waters of the present are concealing a crisis that came to a head in 1977—a crisis that could destroy many companies: the crisis in branding.

Writing in the JWT review of 1977, Mr. King maintains that crisis is not too strong a word. He observes that most consumer goods companies owe their entire success to branding—to the added values with which they invest their products.

These added values are a combination of raw material selection or special product quality, reliability, design or formula; the product name; the pack; the advertising; the after-sales services and so on. "It is this unique combination—the branding—that justifies a premium over the basic commodity (cost) and so the company's profit margin. In fact, it's the fundamental contribution that manufacturing companies make to society."

But there are clear signs, says Mr. King, that short-term pressures are forcing many companies to cut back on branding. To make his point he examines advertising expenditure, which unlike most other contributors to the branding process is measured regularly and consistently. The trends, he says, are highly disturbing—though it has been easy enough to miss them by ignoring the effects of inflation.

The chart shows the dramatic slump in Press and TV advertising expenditure of the 35 grocery brands most heavily advertised in 1970. The decline, says Mr. King, was clearly not solely a result of the post-1973 economic crisis. "There are, of course, wide variations around the average, but detailed analysis of the expenditure for the 160 or so advertised brands of the top ten advertisers shows a very similar picture."

The graph tells all: real advertising expenditure for Britain's biggest, most established, grocery brands has halved in seven years.

Does it matter? Mr. King says there are three reasons why it matters greatly. First, there is the question of absolute levels. How much is too little? According to Mr. King, the average 1977 TV expenditure for 140 brands from the top ten advertisers was as little as £195,000 at 1970 prices. What that meant in real life was that the average viewer actually paid attention to about eight 30-second commercials per brand.

"It's a matter of judgment whether four minutes of advertising a year for your brand will be enough to change people's buying habits or even to maintain them: but it seems to me dangerously near some sort of threshold."

Second, the branding activities which are measurable may be symptomatic of those that are not. In other words, companies may be cutting back in real terms not only on advertising but on the other activities which aim to promote the long-term health of a brand—R and D, process and product improvement, investment in plant, new variants, pack improvements, consumer services and research, etc.

When profit margins on a brand decline, says Mr. King, as in a recession, it seems suicidal to spend less on the very activities which could improve the situation in the future—a cry from the heart clearly aimed at the many Boards of directors not renowned for their sympathy towards (nor understanding of) the marketing concept. At present, says the JWT man, several old-established brands are visibly shrinking before their shareholders' eyes and several complete markets are slipping into unnecessary decline.

The third reason for concern is the most fundamental: the danger of eroding the whole *raison d'être* of manufacturer brands. Great pressures on profit margins have been exerted by the retailers who are in the midst of a full-blooded price war supported by a dramatic increase in retail advertising (up 150 per cent in real terms between 1970 and 1977).

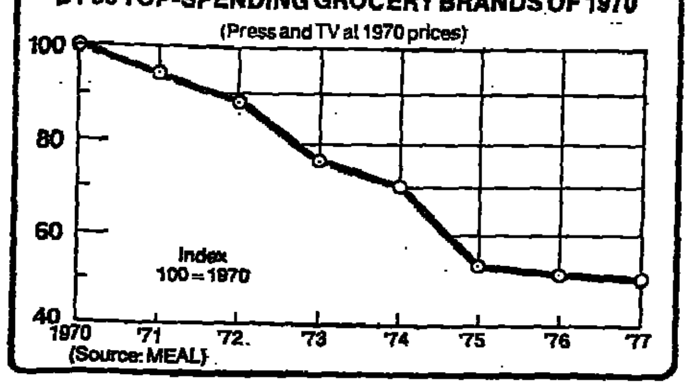
But it goes further: "In the last two years private label brands have been making sharp gains after the slowing down of 1975. More important, there are signs of their quality improving, and blind versus named product tests suggest that they are catching up manufacturer brands on both physical and psychological values—moving nearer to the Marks and Spencer principle of producing under their own label and using manufacturers as suppliers to their own specification. Sixty-six per cent of people now agree that own labels are as good as manufacturer brands; only 11 per cent disagree."

Unless manufacturers devote proper resources to adding on other values to their brands, says Mr. King, it is hard to see why consumers should continue to pay a premium price for them.

"Happily, there are enough successful manufacturer brands to demonstrate that this erosion is not an inevitable process. As far as I can see, they are almost invariably brands that have improved their products, introduced new variants, redesigned their packs and not allowed their advertising expenditure to decline in real terms. They have taken the positive approach in branding."

The crisis in branding is undoubtedly serious, says Mr. King. But he doesn't think it's inevitable. And he doesn't think it's incurable. He says companies and their agencies should ensure they possess all the facts on expenditure trends, in real terms, on all brand-building activities; carry out far more blind versus named product tests; conduct more advertising and other experiments; try still harder to calibrate long-term branding effects—above all, innovate and devote proper resources to the branding process.

We shall see what happens.



The 35 brands are: Persil, Radiant, Ariel, Weetabix, Kellogg's Corn Flakes, Maxwell House, Daz, Nescafe, Oxo, Stork, Blue Band, Fairy Liquid, Typhoo Tea, Brooke Bond PG Tips, Omo, Palmolive Liquid, Smash, Bisto, Horlicks, Nimble, Cadbury's Dairy Milk, Flash, Fairy Snow, Hovis, Heinz Soups, Rice Krispies, Lucozade, Angel Delight, Heinz Baked Beans, Kit Kat, Galaxy, Lux Toilet Soap, Steradent, Ski, Vesta.

Fifteen try for PanAm's $33m

J. WALTER THOMPSON, which at present has aproximately $20m of Pan American World Airways' total advertising business, is discreetly pleased that the airline has decided it wants a single agency to handle its total international marketing effort. At present Pan Am, which spends $33m-plus on advertising and promotion, uses Ally and Gargano for its U.S. campaigns but has now invited some 15 agencies, including JWT, to put up proposals for its total world business. Outside the U.S., Pan Am's six strongest markets are the U.K., Japan, Germany, Brazil, Venezuela and Australia.

JWT is quietly confident it will scoop the lot, partly because of the strength of its international network, partly because some of its biggest rivals are already hooked into rival airlines, and partly because its Pan Am work is especially cherished in all the Pan Am markets.

● **TO HELP BOOST** milk sales, Unigate Dairies is launching a £500,000 promotion aimed at giving its 10,000 milkmen the chance of big prizes for increased sales. There will be a Milkman of the Year, plus TV advertising. Milk consumption is running 6 per cent lower than the peak achieved during 1975-76. Unigate says the aim is to sell an extra 12,000 gallons a day; it says it has the cows.

● **ACCOUNTS AND CAMPAIGNS:** IAL, the London-based international aviation and communications group, has handed its £500,000 account to **Royds** . . . **Lancia (England)** is spending £250,000 on the U.K. launch of the new Lancia Gamma . . . **Robinson's**, part of Colman Foods, is offering 20,000 free Popmobility LPs as part of a £700,000 ad/promotion package this year . . . **McCormick Richards** is starting a £150,000 Press campaign for the renamed Leyland Vehicles . . . **Dorland Advertising** has gathered in the $1m-plus trade Press advertising for Caterpillar Overseas in Europe, Africa and the Middle East . . . **Ogilvy Benson and Mather** has resigned the 3M business, worth around £300,000, because of its unprofitability.

● **RANK ADVERTISING FILMS** is to run a free national campaign for the Advertising Standards Authority. During the next few months every Rank-controlled cinema will show at least one week of ASA advertising free. The cost equivalent: £35,000.

Medicines: the scandal that evaporated

ANYONE HUNTING through the pages of the Price Commission's report on prices, costs and margins in proprietary non-ethical medicines, published last week, will be disappointed if they expect to encounter the sort of advertising scandal intimated in the conclusions to the report.

In brief, the Commission singled out five famous products which it felt were making a contribution to overheads and profit as a percentage of sales, substantially in excess of the average contribution for proprietary medicines generally.

The five were Anadin (International Chemical Company), Disprin (Reckitt and Colman Products), Milk of Magnesia (Sterling Health Products), Rennie's (Nicholas Laboratories) and Beecham's Powders (Beecham Products).

Further, the Commission reported that for a number of well-established products, advertising expenditure was as much as 25 per cent of sales revenue. While it accepted that successful products should underwrite the cost of product development and assist the launch of new products, it said it was disturbed by the extent to which this gave rise to high margins.

"We consider that such high levels of margins and the cost to consumers of such high levels of advertising are matters which would be justified only in exceptional circumstances." In other words, the public was sometimes paying too much for proprietary drugs because leading manufacturers were overspending on the advertisement of top brands.

For some, the Commission's report will have triggered off remembrance of one of the classic if oversimplified criticisms of the commercial effects of advertising, which comes in six stages and runs like this: (1) Large companies advertise in order to create brand preference; (2) Consumers perceive real or apparent brand differences and develop preferences; (3) Preferences produce loyalty, or consumer inertia, that creates a barrier to entry of new brands into the market; (4) Protected brand positions reduce active rivalry; (5) Reduced rivalry enables companies to ignore more tangible forms of competition such as price and product quality and lets them charge higher prices; (6) Higher prices generate higher profits which provide the incentive to continue advertising, which brings the argument neatly back to Stage 1.

So far as can be detected, there is virtually nothing in the report likely to provide critics of advertising with so much as a toe-hold on any of the six rungs quoted above. According to Reckitt and Colman: "The Commission's conclusions do not bear out the essence of its own report—they appear to have been added on by interested parties seeking to justify a pre-determined position."

Similar noises of pained response have come from most of the other big drugs companies, so it is more than worthwhile digging deeper.

Total sales of pharmaceuticals, including exports, exceed £1bn a year, says the report, though advertised brands account for only 12 per cent or so. Of the 1,500 proprietary non-ethical medicines available, about 300 are advertised.

The Commission focussed on about 100 products within four sub-groups which account for two-thirds of sales—analgesics, cough and cold remedies, digestive and laxative preparations and vitamins and tonics. Of the proprietary medicines manufactured by the 26 companies covered by the Commission, total sales, including exports, were £92.5m last year. Direct manufacturing costs accounted for less than 50 per cent. of sales at manufacturers' prices while marketing expenditure was almost 20 per cent.

The Commission says that in common with many consumer goods manufacturers, proprietary medicine makers use advertising to supply product information so as to create and maintain demand, maximise or maintain market share and reinforce brand loyalty. The advertising of medicine brands can also encourage the hoped-for move towards self-medication, says the Commission.

Advertising expenditure, particularly on TV, appears high in relation to sales, says the Commission, so that total ad spending for proprietary medicines can represent 10 to 25 per cent of sales income. "Expenditure on all marketing activities may also range between 30 and 35 per cent of sales income and in exceptional cases even more."

In fact, proprietary medicine sectors are quite small. The analgesic market is worth £20m-£25m, the rest each less than £20m. Seventeen of the products examined by the Commission had sales in the £1m-£5m range, but the average sales turnover of all products is of the order of £400,000. "Thus sales on many products are low in relation to the advertising expenditure claimed to be necessary to promote products effectively, so that advertising/sales ratios turn out to be high," claims the Commission.

The largest ad sums are spent in the analgesic and cough and cold markets where spending on mature products ranges from £150,000 to £1m with ad-to-sales ratios varying from 15 to 30 per cent. New products, however, take up to five years or longer to become established, and the makers are prepared to spend up to £500,000 a year and rack up very high ratios, in some cases, says the Commission, spending more on advertising than they receive in revenue.

According to the Commission: "With such wide disparities in practice between manufacturers it must be doubtful whether they are all planning and making most effective use of their advertising budgets. The fact that some manufacturers are able to maintain advertising to sales ratios at the bottom of the range without loss of market share puts into question those ratios at the top of the range. One of the reasons claimed by those concerned is the very strong brand loyalty for some products which do not have to be sustained with such heavy advertising as others. This may have been fostered over a number of years by other forms of sales promotion. Equally, the quality of advertising support for a particular product may be such that its brand position has been achieved at less media cost than for competitive products."

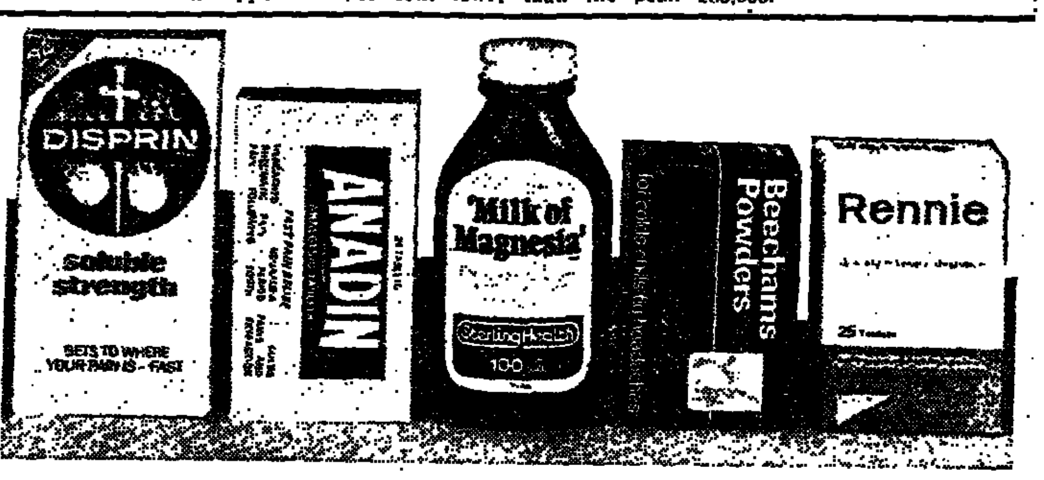
To an outsider, that paragraph may appear to hit the bull's eye; to anyone who knows anything at all about the magnificently uncertain, joyously subjective, business of advertising, it is a glorious statement of the obvious.

Unfortunately, the Commission does not supply specific sales and advertising data for specific products. Nor does it indicate what in its view would constitute fair or non-excessive A/S ratios. It merely states its concern that some manufacturers can maintain their brand positions with relatively low expenditure while others seem to have to spend much more even on established products. It is therefore led to the conclusion "that in some cases advertising expenditure is excessive."

The reason why Reckitt and Colman, for one, says it detects a multiplicity of authors behind the report is to be found at the end of the chapter on marketing and advertising, which seems almost totally to exonerate the proprietary medicines sector of any blame on the advertising front and thus jars seriously with the report's overall conclusions.

According to this chapter: "A total reduction or partial control of advertising expenditure could be reflected in retail prices in the short term. The long term consequences, however, are more obscure. Product brand images could become increasingly blurred, leaving consumers to rely more on doctors or pharmacists, in turn resulting either in increased cost to the NHS or the strengthening in the market place of strong multiple groups. It could also mean that the consumer's choice is ultimately affected. Manufacturers . . . could stop developing new proprietary medicines, concentrating instead on more profitable products . . . The conclusions on the likely consequence of any control on advertising must therefore be speculative."

Speculative is the word. There may indeed be advertising skeletons lurking in the vaults of the proprietary medicines market. But they have not been unearthed by this report. M.T.-N.



LOMBARD

Lesson from the fringe banks

BY MICHAEL BLANDEN

THE LESSONS of the fringe banking crisis of 1973-74 have been driven deeply into the consciousness of the City. Vigorous measures have been taken to tighten up the supervision and control of the banking system by the Bank of England, matched by similar efforts in many other countries.

A whole generation of commercial bankers, which had no previous experience of crisis conditions, has learnt the dangers of being swept away by over-enthusiasm for the current fashion in lending. Indeed, there have been arguments that attitudes have swung too far the other way, with conservatism in banking commanding such devotion that there was no room left for experiment or for newcomers to enter the industry.

Worried

Yet one or two close observers of the industry are beginning to get a little worried about the current trends in banking, fearing that in spite of the recent experiences some of the mistakes made in the boom years could be made again. There is concern, for example, about the pressure being felt in the international eurocurrency markets to accept ever lower margins in order to retain a share of the lending business.

One of the people who have expressed anxiety about the latest developments in banking is Professor Jack Revell of the University College of North Wales in Bangor, a man who has followed closely the development of official thinking on the control of the banking industry.

In his recent paper submitted to the Wilson Committee on the financial institutions Prof. Revell suggested that "it is doubtful whether the experience of the banking crisis was painful enough to the general run of bankers and regulators for the lessons to have been fully absorbed."

He identified a number of aspects of the present situation which he felt needed to be watched. First, he maintained, the regulatory system should not rely for its safety largely on the strength of the big banks, but should leave a place for smaller competitors and new banks, even if these required much closer supervision.

Second, Prof. Revell stressed that the duties of the authorities extended beyond the supervision of individual institutions to planing the whole environment in which they all operated, and he suggested that one useful initiative might be the introduction of some kind of lender of last resort facilities for the inter-bank market.

He was less than completely happy with the details of the planned deposit protection fund, arguing in particular that there was a strong case for insuring all deposits in full rather than limiting the cover, on the grounds that only this would completely prevent runs on suspect banks.

Finally, he emphasised the role of the market in helping to ensure the soundness of the banking system and the importance therefore of disclosing as much information as possible. In particular, he supported the Price Commission's case for showing bank bad debt provisions which in recent years have become major sources of hidden reserves.

As an aside to back up his arguments, Prof. Revell said: "Already there is talk in London of property speculators emerging from cover and of institutions seeking to justify further ventures in this and other dangerous markets."

This feeling might find an echo among some senior clearing bankers in the City, though not specifically in the property field. There is some anxiety over the recent developments in the inter-bank and wholesale money markets.

These markets have become highly sophisticated in the past few years, and in the aftermath of the crisis have been through a time in which lenders have been extremely cautious in relation both to the periods for which they are prepared to make money available and to the borrowers which qualify for access to wholesale funds.

Risk

With the recent increase in liquidity in the market and the pressure to achieve higher earnings, some bankers feel that these cautious criteria are being allowed to slip.

Borrowers who are not of the very first rank, the more conservative bankers feel, are again finding it possible to raise money in the open market at rates which take little account of differing degrees of risk. Lenders in the corporate sector may not be equipped to draw the fine distinctions of credit-worthiness on which the structure of lending rates should depend.

It is inconceivable that anything on the scale of the events which led up to the fringe bank crisis could happen again for quite a while, but not impossible that a few fingers could get burnt.

BUSINESS AND THE COURTS

Speeding up the arbitration process

BY A. H. HERMANN, Legal Correspondent

LORD WILBERFORCE, Lord of Appeal in Ordinary, told an Arbitration Forum in London last week that the Government was considering legislation which would make it possible for those who wish to have their disputes arbitrated in England and under English law to contract out of the "special case" procedure.

This procedure, peculiar to English law on arbitration, enables either of the two parties, if dissatisfied with the award, or the arbiter himself, to ask the courts to review the legal issue involved. There is thus no escape from the possibility that a "London arbitration" could be transformed into litigation so long as the contract was governed by English law. This "special case" procedure is bitterly criticised by some and extolled by others. The intention now seems to be to make it possible for parties to renounce—when concluding a contract—the possibility of appeal to English courts on legal issues.

The advantage of arbitration over litigation, it used to be asserted, was the informality, speed and lower cost. In many cases it still may retain this advantage, but complaints that it is becoming increasingly formal, slow and costly are becoming louder and more frequent.

Delays

The use of delaying tactics by parties wishing to avoid or to postpone an arbitration award is possible even in countries which do not know the "special case" procedure, though the English system does seem to make it easier. As the law now stands a party dissatisfied with an arbitration award on a point of law can ask the arbitrator to "state the case" so that it can be submitted to a judge in the High Court for decision. Should the arbitrator fail to comply with this request, it is open to any of the parties to ask a judge to order him to state the case. If the judge finds that there is indeed a question of law involved he will make such an order, and from that point on the way is open for the issue to be taken to higher courts. The dissatisfied party may, and sometimes does, go from the Divisional Court to the Court of Appeal, and even to the House of Lords, by which time many years could have passed and legal costs may well have exceeded the amount in dispute.

Speaking at the Arbitration Forum which was convened by the Paris-based International Chamber of Commerce, M. Yves Derains, Secretary General of the ICC Court of Arbitration, said he was negotiating in London for similar arbitration facilities as those already provided in Paris and Seoul. An advisory board, formed for this purpose, is chaired by Sir Michael Kerr, the High Court judge specialising in commercial cases. These two developments—the establishment of an ICC arbitration base in London, together with the Government's proposed legislation—are likely to enhance London's role as one of the world's leading arbitration centres.

The ICC attempt to establish a base in London is linked with its intention to set up an international centre for maritime arbitration. The ICC expects that such a centre together with the arbitration rules it would evolve, would be welcomed by the developing countries. Because of the expertise available in London it is assumed that many of the arbitrations held under the auspices of a new ICC maritime arbitration centre would actually take place in the English capital.

In the course of the past year the ICC has brought on stream another innovation which meets a long-felt need. This springs from the notorious difficulty facing arbitrators trying to establish the essential facts in disputes concerning the construction or performance of major industrial plants, the development of products, or public works contracts.

Solution

By the time the need for arbitration has been agreed upon and the arbitrators have been appointed several years may have elapsed. By then the project could have been completed or in any case it could have undergone such changes that it would be extremely difficult to find out what the position was at the time when the dispute arose. To facilitate the work of arbitrators facing such a problem the ICC has established The International Centre for Technical Expertise which has a panel of surveyors and other technical experts.

Provided that a suitable clause is included in the contract, a neutral and impartial expert can be appointed at the request of either party to carry out an immediate inspection on the spot, and record a kind of "still picture" of the situation. This picture would then be available to the arbitrators when they are called, perhaps some years later, to apportion the blame. It is hoped that an objective report by an impartial expert will enable the parties to resolve the dispute without the need for arbitration. This new facility established by the ICC has already been used by several companies and found useful.

The Forum not only heard news of improvements and new developments but also received numerous complaints.

Most of these concerned unsatisfactory rules of evidence, but also the appointment of inexperienced arbitrators, delays and finally problems with enforcement of awards, be it because these were ambiguous or incomplete or because their enforcement was difficult under the national laws of the country concerned. The ICC also promised to make its procedural time limits more flexible and to improve the rewarding of arbitrators by taking into account in its fee scales not only the amount involved in a dispute—as at present—but also the time spent by the arbitrators in solving it.

Complications

The discussion, in which leading judges, barristers and arbitrators took part, left the observer with the impression that as cases are becoming more complicated, arbitration procedure is becoming more like that used in courts. If nothing radical is done soon to simplify it, to make it more certain, and to speed it up, the advantage of accepting arbitration will hardly outweigh going straight into litigation.

Flaming Leaves looks pick of the fillies at Goodwood

RACING

BY DOMINIC WIGAN

FOLLOWING TWO afternoons on which colts' races have dominated, it is the turn of the fillies at Goodwood today. Here, by far the most valuable and interesting event on an otherwise uninspiring card is the mile-and-two-furlongs Lupe Stakes with £5.000 in added prize money.

Neither Connaught Crescent nor Kumari have accepted for this event, but several potentially smart fillies are in the line-up, including Cistus, a disappointing joint favourite for Ireland's 1,000 Guineas, Flaming Leaves from Peter Walwyn's stable responsible for last year's winner, Western Star, and the in form Swiss Maid.

My idea of the likely outcome is a victory for Flaming Leaves. A daughter of Olden Times, a highly successful sire in the U.S., Flaming Leaves made two appearances last season.

On the second of these, this chestnut created a fine impression when lengthening her stride approaching the distance in a six-furlong event at Newbury before going on to put eight lengths between herself and runner-up, Micklemere.

On her only previous run this term, Flaming Leaves showed up for a long way before finding lack of peak fitness telling against her in the Pretty Polly Stakes on testing ground at Newmarket on 2,000 Guineas day.

Sure to be all the better for that outing, Flaming Leaves, a generously priced 50-to-1 chance for the Oaks next month, may have too much class for Cistus.

Looking a little further ahead, a trip to Sunbury on Saturday, June 3, should prove an enjoyable experience, for Kempton Park celebrates 100 years of horseracing on that afternoon with £24,000 in added prize money for the centenary meeting.

The programme features two £6.000 races, the Kempton Park Centenary International Fillies stakes and the H. S. Persse Memorial stakes; while the Tote are marking their own 1978 celebrations with the £5.000 Tote Golden Jubilee Handicap.

Illustrated London News take their first step into sponsoring with the £2,500 Illustrated London News handicap, and the S. H. Hyde Founders two-year-old stakes commemorates the man who saw the potential of racing at Sunbury-on-Thames.

A special event at the end of the day is the Trainers' Centenary Celebrations Invitation race, in which those taking part will include Fred Winter, Josh Gifford, Pat Rohan, and Pat Taaffe.

GOODWOOD

2.00—A. M. Lover
2.30—Baccalaureate**
3.00—Royfern
3.30—Flaming Leaves***
4.00—Le Soleil
4.30—Miss Cameron*

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University. 9.41 For Schools, Colleges. 12.35 p.m. On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Chigley. 2.00 You and Me. 2.36 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Sinbad and the Magnetic Mountain. 4.35 Heads and Tails. 4.45 Laff-a-Lympics (cartoon). 5.05 Blue Peter. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide in Europe, "live" from Brussels.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Rosie.
8.30 Happy Ever After.
9.00 News.
9.25 Des O'Connor Tonight.
10.20 The Prince of Wales presents Face Values.
11.10 Tonight.
11.50 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Mr. Benn. 4.45 Crystal Tipps and Alistair. 4.50-5.05 Y Llewod a Mistar Mostyn. 5.55-6.20 Wales Today. 6.55-7.00 Heddiw. 11.51 News for Wales. 11.52-12.12 a.m. Snooker.

Scotland—5.55 p.m. Reporting Scotland including General Assembly report. 6.10-6.20 Conference '78 (report on today's Scottish National Party debates). 8.30-9.00 Good Luck Scotland. 11.50 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
4.55 p.m. Open University.
7.00 News on 2 Headlines.
7.05 The Engineers.
7.30 Newsday.
8.05 Gardeners' World.
8.30 In Deepest Britain.
9.00 Midweek Cinema: "Sweethearts," starring Jeanette MacDonald and Nelson Eddy.
10.50 King of the Movies: Henry King, Hollywood director, talks about his movies.
11.30 Late News on 2.
11.40 Closedown: Mervyn Levy talks about the "Portrait of Henri Matisse" by André Derain.

LONDON

9.30 a.m. Schools Programmes. 12.00 Gammon and Spinach. 12.10 p.m. Rainbow. 12.30 Treasures in Store. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 The Crezz. 3.20 Quick on the Draw. 3.50 The Sullivans. 4.20 Little House on the Prairie. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Oh No! It's Selwyn Froggitt.
7.30 The Thief Who Came to Dinner.
9.30 This Week.
10.00 News.
10.30 The Cuckoo Waltz.
11.00 Drive-in.
11.30 Elaine, the Singer of the Song.
12.00 What the Papers Say.
12.15 a.m. Close: Joan Scott reads a poem by Elizabeth Jennings.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.20 Rocket Robin Hood. 4.45 The Adventures of Black Beauty. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Enterprise. 10.30 Bowls. 11.00 The Streets of San Francisco. 12.00 Man and Woman. 12.30 a.m. The Living Word.

ATV

1.20 p.m. ATV Newsdesk. 4.20 Tarzan. 5.15 Happy Days. 6.00 ATV Today. 7.00 Emmerdale Farm. 10.30 Pye Colour Television Awards. 11.15 Gardening Today. 11.45 Dan August.

BORDER

†1.20 p.m. Border News. 4.20 Children's Matinee: "Rogues of Sherwood Forest." 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 10.30 Danger in Paradise. 11.30 The Odd Couple. †12.00 Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Elephant Boy. 10.28 Channel Late News. 10.32 Celebrity Concert: "Anne Murray." 11.30 TV Movie: Love American Style. 12.20 a.m. News and weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 10.30 Music in Camera. 11.00 Reflections. 11.05 Streets of San Francisco. 12.00 Stars on Ice. 12.30 a.m. Grampian Late Night Headlines.

GRANADA

1.20 p.m. This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Bless This House. 10.30 What's On. 11.00 What The Papers Say. †11.20 The Untouchables.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 The Woody Woodpecker Show. 4.45 Breaktime. 5.15 Popeye. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Get Some In! 7.00 Mr. and Mrs. 10.35 Gallery. 11.05 The Late Film: "Blood Sport."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-4.45 Wsubethna. 6.00-6.15 Y Dydd. 10.35-11.05 Music in Camera.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 p.m. News and road report. 2.00 Women Only. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today from Hampden Park. 6.30 Garnock Way. 7.00 Argentina Here We Come! 7.40 Thingummyjig. 8.35 The Streets of San Francisco. 10.30 John Miles in Concert. 11.00 No Easy Answer. 11.30 Late Call. 11.35 Police Woman.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 4.20 Dynomutt—the Dog Wonder. 4.45 The Lost Islands. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.30 The Practice. 11.00 People Rule! 11.45 Southern News Extra. 11.55 What The Papers Say.

TYNE TEES

9.25 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 4.20 Clue Club. 4.45 The Little House on the Prairie. 6.00 Northern Life. 7.00 Emmerdale Farm. 10.30 Double Top. 11.10 An Audience with Jasper Carrott. 11.40 Man and Woman. 12.10 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 4.20 Clue Club. 4.45 Little House on the Prairie. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.00 Emmerdale Farm. 10.30 Counterpoint. 11.00 Hogan's Heroes. 11.30 Living and Growing. 11.55 Old House, New Home. 12.00 am Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 What's On Next. 10.28 Westward Late News. 10.30 Celebrity Concert: Anne Murray. 11.30 TV Movie: Love American Style. 12.30 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.20 Lassie. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 10.30 Danger in Paradise. 11.30 The Protectors.

RADIO 1 — 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Country Club (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

VHF Radios 1 and 2—5.00 a.m. With Radio 2 including 1.55 p.m. Good Listening. 10.00 With Radio 1. 12.00-2.02 a.m. With Radio 2.

RADIO 2 — 1,500m and VHF

5.00 a.m. News Summary. 5.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk and 6.02 Cross-Channel Motoring Information. 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Funny You Should Ask. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

†Medium Wave only

†6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Elgar. 9.55 1977 Benson and Hedges Gold Award (S). 10.30 Violin and Piano Recital (S). 11.30 BBC Northern Symphony Orchestra, part 1: Mozart (S). 11.50 In Short. 12.00 BBC Northern SO, part 2: Bruckner (S). 1.00 News. 1.05 Lazar Berman Plays Liszt and Beethoven, part 1 (S). 1.35 Words ... 1.40 Lazar Berman plays Liszt and Beethoven—Part 2 (S). 2.05 "Olav Liljekrans," opera in three acts by Arne Eggen. 3.55 Clarinet and Piano Recital (S). 4.40 French Music of the Early 18th Century (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines. The Wider World. 7.30 BBC Symphony Orchestra in Vienna, part 1: Webern, Birtwistle, Bartok (S). 8.30 Interval Reading. 8.35 BBC SO in Vienna, part 2: Boulez. 9.15 Drama Now (S). 10.20 Anton Eberl recital (S). 10.55 Theodore Roethke: Denis Donoghue examines Roethke's life and work. 11.35 News. 11.40-11.45 Tonight's Schubert Song (S).

Radio 3 VHF only: 6.00-7.00 a.m., 5.45-7.30 p.m. and 11.45-12.05 a.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up To The Hour. 7.00 News. 7.10 Today. 7.35 Up To The Hour (continued). 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Lampeter, Dyfed. 11.45 Closed World Of Love. 12.00 News. 12.02 p.m. You And Yours. 12.27 Just A Minute (S). 12.55 Weather: programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.10 Questions To The Prime Minister "live" from the House of Commons. 3.30 Wildlife. 4.00 News. 4.05 Jack de Manio Precisely. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather: programme news. 6.00 News. 6.30 Brain of Britain 1978. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Sister Laurentia and Brother Bernard (S). 8.30 Ray Gosling with the BBC Sound Archives. 8.45 Analysis: The Two Scotlands (1). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London — 206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00 As Radio 2. 12.05 a.m. Question Time from the House of Commons. 1.05 Close: As Radio 2.

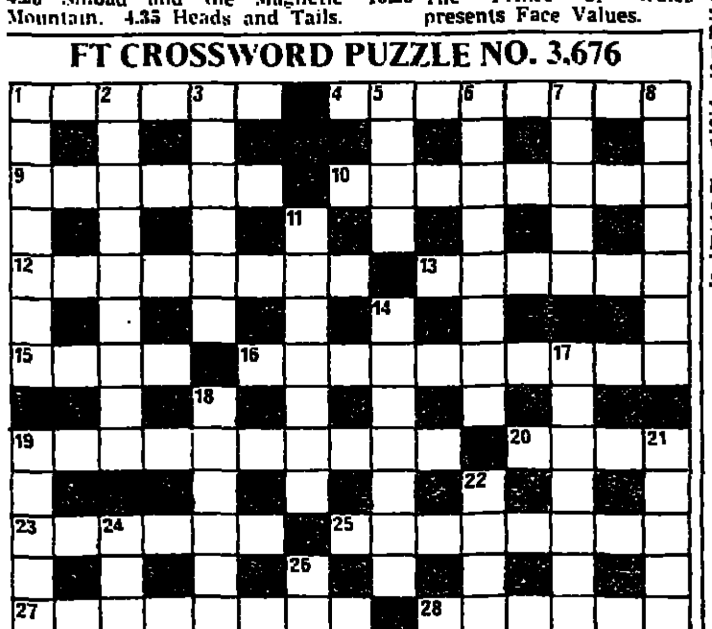
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M: non-stop news, information, travel, sport and reviews. 10.00 Brian Hayes Show. 1.00 p.m. LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports continues. 8.00 After Eight. 9.00 Nightline. 1.00-5.00 a.m. Night Extra.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Tim Rice (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Set Book Repeat (S) "Richard II." 8.00 Bryan Wolfe's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

FT CROSSWORD PUZZLE NO. 3,676



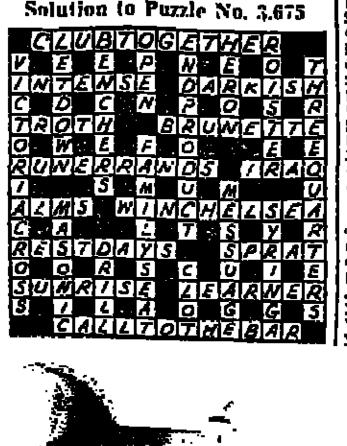
ACROSS

1 Soldiers in party are not revealed (6)
4 Pure oils that may be dangerous (8)
9 Clergyman takes a peep at start of text (6)
10 Malicious term in the interim (8)
12 Sequel which may bring play to a close (8)
13 A cat I caught is particularly small (6)
15 To exist in retirement is wicked (4)
16 Contest in which anyone may participate without paying (4-3-3)
19 Happen to arrive at a narrow defile (4, 2, 4)
20 Employer makes you and me hesitate (4)
23 Linen with raised surface goes to oriental railway (6)
25 12 inch fish is nonsensical (8)
27 Performer having the will to supervise (8)
28 Request for a quiet carillon (6)
29 No religious woman I take on could be unorganised (3-5)
30 Fairly narrow-minded about ringleader (6)

DOWN

1 To drink with soldiers is most excellent (7)
2 The work of the reviewer could be censure (9)
3 Station us in school (6)
5 Jug animal and start roasting (4)
6 Go in it in confusion and fire (8)
7 Blame duck I get in half a bullet (5)
8 The way pointless pencil may give many copies (7)
11 Fellow on line could be securing something (3-4)
14 Money paid in boarding-house (7)
17 Teetotal but not present to accept metal (9)
18 Pre-eminent performer is to begin on vessel (4-4)
19 It could be a mess for troops (7)
21 With dignity but really accepting a note (7)
22 It's a wonder it comes from Proust (6)
24 Trim soldiers in a sty (5)
26 Game which is a variation of pool (4)

Solution to Puzzle No. 3,675



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

COLISEUM. Credit cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Ton't 7.30 Euryanthe (final perf): Tomor 7.30 The Two Foscari (final perf): Sat. 7.30 Count Ory (final perf): 104 balcony seats always available day of performance. May 29 to June 10 THE STUTTGART BALLET.

COVENT GARDEN. CC. 240 1066. (Gardencharge credit cards 836 6903). THE ROYAL OPERA. Tonight & Mon. next: 6.00 Tristan und Isolde. Tomor: 7.30 Peter Grimes. Sat: 7.30 Rigoletto. Tues next: 7.30 Madame Butterfly. 65 Amphi seats avail. for all perfs from 10 a.m. on day of perf.

GLYNDEBOURNE FESTIVAL OPERA. May 28 to Aug. 7 with London Philharmonic Orchestra. May 28, 30, June 1 and 3 at 5.30: Die Zauberflöte: June 2 and 4 at 5.30: Don Giovanni. Possible returns only. Box Office Glyndebourne, Lewes, E. Sussex. (0273 812 411.)

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Last perfs. KATHAKALI. Dancers from Kerala, India. Evgs. at 7.30. Tonight: The Ramayana. Tomorrow: The Mahabharata. "Enormously theatrical, and fun very splendid entertainment." Guardian. May 29 to June 3 BALLET INTERNACIONAL DE CARACAS.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.0. Sats. 4.0. IRENE. THE BEST MUSICAL of 1976, 1977 and 1978! IRENE. "LONDON'S BEST NIGHT OUT." Sunday People. ALREADY SEEN BY OVER ONE MILLION HAPPY THEATREGOERS. CREDIT CARD BOOKINGS 836 7611.

ALBERY. 836 3878. Party Rates. Credit card bkngs. 836 1971-2 from 8.30 am-8.30 pm. Mon., Tues., Wed. and Fri. 7.45 pm. Thurs. and Sat. 4.30 and 8.00. "A THOUSAND TIMES WELCOME." IS LIONEL BART'S "MIRACULOUS MUSICAL." Fin. Times. OLIVER with ROY HUDD and JOAN TURNER. "CONSIDER YOURSELF LUCKY TO BE ABLE TO SEE IT AGAIN." Daily Mirror.

ALDWYCH 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Tonight 7.30, HENRY VI Part 2 (ends Sat.). "The best Shakespeare production I have ever seen." F. Times. With: HENRY VI Part 3 (tomor.). Final perfs. Sat. HENRY VI Part 1 (10.30 am), Part 2 (3.00 pm), Part 3 (8.00 pm) Sold Out. From Wed. red. price previews CORIOLANUS. RSC also at THE WAREHOUSE (see under W) and at Piccadilly Theatre in Peter Nichols' PRIVATES ON PARADE.

ALMOST FREE. 485 6224. "Distant Encounters," by Brian W. Aldiss. Tues.-Sat. 1.15 pm Suns. 3.00 and 5.00pm. No Show Mondays.

AMBASSADORS. 01-836 1171. Nightly at 8.00. Mat. Weds. 2.45. Sats. 5.00 and 8.00. PATRICK CARGILL and TONY ANHOLT in SLEUTH. The World-famous Thriller by ANTHONY SHAFFER. "Seeing the play again is in fact an utter and total joy." Punch. Seat Prices: £2.00 to £4.40. Dinner and Top Price Seat £7.50.

APOLLO. 01-437 2663. Evenings 8.00. Mats. Thurs. 3.00, Sat. 5.00 and 8.00. DONALD SINDEN. Actor of the Year, Ev. Stand. "IS SUPERB." N.o.W. SHUT YOUR EYES AND THINK OF ENGLAND. "WICKEDLY FUNNY." Times.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious ... see it." Sunday Times. Monday to Thursday 8.30. Friday and Saturday at 7.0 and 9.15.

ASTORIA THEATRE. Charing X Rd. (with fully licensed Restaurant), 01-734 4291. Nearest tube Tottenham Ct. Rd. Mon.-Thurs. 8.00 p.m. Fri. and Sat. 6.00 and 8.45. Instant credit card booking. ELVIS. "Infectious, appealing, foot-stomping and heart-thumping." Observer.

GREENWICH THEATRE. 858 7755. Evenings 7.30. Mats. Sats. 2.30. THE ACHURCH LETTERS. A play by Don Taylor. "Sara Kestelman is superb as Achurch ... Julian Curry is a splendid Shaw." FT.

HALF MOON THEATRE. 480 6465-488 4196. "WE CAN'T PAY! WE WON'T PAY!" by Dario Fo. British Premiere Mon. 22 May at 7 p.m. 23 May-17 June at 8 p.m.

HAYMARKET. 01-930 9832. Evgs. 8.00. Mats. Wed. 2.30. Sat. 4.30 and 8.00. INGRID BERGMAN. WENDY HILLER. DEREK GODFREY, DORIS HARE, FRANCES CUKA in WATERS OF THE MOON. "Congratulations on complete capacity and record-making show. Must unfortunately finish on July 1st owing to commitments of Miss Bergman and Dame Wendy Hiller.

HER MAJESTY'S. CC. 01-930 6606. Evenings 8.00. Mats. Wed. & Sat. 3.00. BRUCE FORSYTH in LESLIE BRICUSSE and ANTHONY NEWLEY'S TRAVELLING MUSIC SHOW with Derek Griffiths. Directed by BURT SHEVELOVE. "It is packed to bursting point with the personality and sheer energy of Bruce Forsyth." Sun. Express. "The audience cheered." Sunday Telegraph.

KING'S ROAD THEATRE. 352 7488. Mon. to Thurs. 9.0. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW. NOW IN ITS 5th ROCKING YEAR. THE GREAT ROCK 'N' ROLL MUSICAL.

LONDON PALLADIUM. CC. 01-437 7373. Opening Tonight at 7.0 for the Summer Season (to August 19 only). Subs. Mon., Tues., Thurs. and Fri. at 8. Weds. and Sats. at 6.10 and 8.50. THE TWO RONNIES in a spectacular COMEDY STAGE REVUE. PLUS 6 SPECIAL SUNDAY PERFORMANCES OF THE ENTIRE SHOW ON JUNE 4, 25 & JULY 16 at 5.0 and 8.0 EACH EVENING. Special Booking Hotline 01-437 2055.

LYRIC THEATRE. CC. 01-437 3686. Ev. 8.0. Mat. Thurs. 3.0. Sat. 5.0 and 8.30. JOAN PLOWRIGHT, COLIN BLAKELY and PATRICIA HAYES in FILUMENA by EDUARDO FILIPPO. Directed by FRANCO ZEFFRELLI. "TOTAL TRIUMPH." D. Mirror. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS," Sunday Times.

MAY FAIR. CC. 629 3036. Mon. to Fri. 8.00. Sat. 5.30 and 8.45. GORDON CHATER "Brilliant," E N. in THE ELOCUTION OF BENJAMIN FRANKLIN by Steve J. Spears. "A compassionate funny fiercely eloquent play." Gdn. "Hilarious." E.Std. "Wickedly amusing." E. News. "Spellbinding." Obs.

MERMAID. 248 7656. Restaurant 248 2835. Wed. to Sat. 8.30. Mats. Wed., Fri. and Sat. at 5.45. TOM CONTI, JANE ASHER in WHOSE LIFE IS IT ANYWAY? Every Mon. and Tues. at 8.15 pm. Alec McGowen's ST. MARK'S GOSPEL (Suns. at 7.30 pm. all seats sold). Prev. June 13. Opens June 14. Subs. 7.30 and 9.15. EVERY GOOD BOY DESERVES FAVOUR. A Piece for Actors and Orchestra by TOM STOPPARD and ANDRE PREVIN. Seats £4, £3, £2.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Sat. & Mon. 7.30 (red pr prevs) MACBETH. LYTTELTON (proscenium stage): Today 3 & 7.45 Tomor 7.45 (red pr prevs) PLUNDER by Ben Travers. COTTESLOE (small auditorium): Ton't 7. Tomor 8 LOST WORLDS by Wilson John Haire. Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bkgs 928 3052.

OLD VIC. 928 7616. May 22-27. Direct from the Theatre Antoine, Paris. Jean Cocteau's LES PARENTS TERRIBLES with Jean Marais and Lila Kedrova. Simultaneous translation. Today at 7.30. Sat. 2.30 and 7.30.

OPEN AIR, REGENT'S PARK. 486 2431. A MIDSUMMER NIGHT'S DREAM. Red. Price Prevs. from Mon. Evgs. 7.45. Mats. Wed., Thur & Sat. 2.30 with RULA LENSKA, IAN TALBOT, ELIZABETH ESTENSEN, DAVID WESTON, HELEN WEIR, ANTHONY SHARP.

SAVOY. 01-836 8888. Evgs. 8.00. Sat. 5.30, 8.30. RALPH RICHARDSON, Michael GAMBON, Michael JAYSTON, Gary BOND, Joanna VAN GYSEGHEM, Geoffrey KEEN in ALICE'S BOYS. "A JOLLY GOOD EVENING OUT." F.T.

SAVOY THEATRE. 01-836 8888. Opening June 13 TOM CONTI in WHOSE LIFE IS IT ANYWAY? with JANE ASHER. "A MOMENTOUS PLAY I URGE YOU TO SEE IT." Gdn. Evgs. at 8.00. Fri. & Sats 5.45 & 8.45.

SHAFTESBURY. CC. 836 6596. Shaftesbury Ave WC2 (High Holborn end). Evgs at 8.00. Mats. Thurs. Sat. 3.00. JOHN REARDON and JOAN DIENER in KISMET. "A SMASH HIT. THIS MUSICAL HAS EVERYTHING." S. Mirror. CREDIT CARD BOOKING 836 6597.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Saturdays 5.30 & 8.30. NO SEX PLEASE—WE'RE BRITISH. THE WORLD'S GREATEST LAUGHTER MAKER. GOOD SEATS £4.00-£1.50.

STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789 2271). Tickets immediately available for RSC in THE TAMING OF THE SHREW June 1 (mat.), 14, 15 (mat.). THE TEMPEST May 25 (mat.), June 8 (mat.), 12, 13, 15. Recorded booking info. (0789 69191).

ST. MARTIN'S. CC. 836 1443. Evgs. 8.00. Mat. Tues. 2.45. Sats. 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 26th YEAR.

TALK OF THE TOWN. CC. 734 5051. 8.00 Dining, Dancing 9.30 Super Revue (Bars open at 7.15 p.m.) RAZZLE DAZZLE and at 11 p.m. FRANKIE STEVENS.

THEATRE UPSTAIRS. 730 2554. Evening 7.30 p.m. 1978 YOUNG WRITERS FESTIVAL.

VAUDEVILLE. 836 9988. CC. Evgs 8.00. Mat. Tues 2.45. Sat 5 and 8. Dinah SHERIDAN, Dulcie GRAY, Eleanor SUMMERFIELD, James GROUT. A MURDER IS ANNOUNCED. THE NEWEST WHODUNNIT by AGATHA CHRISTIE. "Re-enter Agatha with another whodunnit hit. Agatha Christie is stalking the West End yet again with another of her fiendishly ingenious murder mysteries." Felix Barker, Evening News.

VICTORIA PALACE. Book Now 828 4735-6, 834 1317. STRATFORD JOHNS, SHEILA HANCOCK in ANNIE. Evgs. 7.30. Mats. Wed. and Sat. 2.45.

WAREHOUSE. Donmar Theatre, Covent Garden. 836 6808. Royal Shakespeare Company. Ton't 8.0 last perf. John Ford's 'TIS PITY SHE'S A WHORE (sold out). Adv. bkgs. Aldwych.

WESTMINSTER. 01-834 0283. SENTENCED TO LIFE by MUGGERIDGE and THORNHILL. "TRENCHANT HUMOUR." D. Tel. "SHARPLY TOPICAL." F. Times. "TREMENDOUS IMPACT." N.o.W. Evgs. 7.45. Mat. Weds. 3.0. Sats. 4.30.

WHITEHALL. 01-930 6692/7765. Evgs. 8.30. Fri. and Sat. 6.45 and 9.00. Paul Raymond presents the Sensational Sex Revue of the Century DEEP THROAT. Due to overwhelming public demand Season extended.

WINDMILL THEATRE. CC. 01-437 6312. Twice Nightly 8.00 and 10.00. Opens Sundays 6.00 and 8.00. PAUL RAYMOND presents RIP OFF. THE EROTIC EXPERIENCE OF THE MODERN ERA. "Takes to unprecedented limits what is permissible on our stage." Evg. News. You may drink and smoke in the Auditorium.

هكذا امنت الأجل

Record Review

From Renaissance to Baroque

by NICHOLAS KENYON

"The appause of them that judge is the incouragement of those that write: My first two bookes of Aires speed so well that they have produced a third." The Consort of Musicke could echo these words of John Dowland (in the preface to his *Third Booke of Songs*, 1603): their recordings of Dowland's first and second songbooks have sped so well that the third is certain to be welcomed with equal enthusiasm. But this new two-record set does not, I think, merely repeat the success of the splendid earlier issues; it has even more to offer. The singing of the four-part settings is as clean and unanimous as ever, but the balance between the four soloists—Emma Kirkby, John York Skinner, Martyn Hill and David Thomas—is now more natural and more relaxed. Wheras the director, Anthony Rooley, seemed in the first issues to be self-consciously varying the performance style of each song lest the set should become monotonous, here the arrangements are simpler: either solo voice or quartet, with or without lute (sensibly strengthened by a bass viol), plus viol consort in the final "dialogue."

The emotional range and depth of Dowland's songs is overwhelming: though they were never intended to be sung as a sequence, they achieve a growing intensity when performed consecutively. There is no deep despair in this third book, rather a resigned ardour which attempts to rouse itself ("Weep you no more, sad fountains") and be joyful in spite of the pessimism which life's experience offers. The mood is beautifully summed up in a tiny little four-part setting, perfectly done on the record, *O what hath overwrought?* "The day I see is clear/But I am ne'er the near/For grief doth still appear. Cold, hold! The sun wil shine warm/Therefore now fear no harm/O blessed beams . . . ." This is not the Dowland of the *semper dolens* tag, and nor do these records present the conventional Dowland. Most rewarding listening.

Among the very large number of recent recordings of pre-classical music that warrant the attention of even the most general collector, none is more sheerly enjoyable that the Concentus Musicus disc of concertos by Schmelzer. This elder contemporary of Biber was one of the virtuoso native Bohemian musicians whom the Emperor Leopold II, against all the Italian fashions of the time, brought to the Imperial Court in 1680. The music exudes a pleasure in instrumental display, an experimentation with colourful and unusual combinations of instruments, and an almost folky rhythmic vigour, all of which it would be hard to better outside Bach's Brandenburg Concertos. The Concentus Musicus are ideally suited to the realisation of what the English sleeve-note delightfully terms the "monstrous tonal richness" of these concertos: even though this is a partial re-issue of a set made some eight years ago, the playing still outshines anything we have achieved in this country. There's outstanding bassoon and gamba playing, fine contributions from Don Smithers on cornet, and a general exuberance which is highly invigorating. Give this record to the next person who tells you that baroque music is all the same. . . .

Also in Telefunken's *Das Alte Werk* series, a record of more specialist interest but of great importance. Leonhard Lechner was one of the creators of the German Protestant tradition in music: he was a choirboy under Lassus, and in his Passion of 1593 he brought the short-lived form of the through-composed Passion to its climax. The whole test (St. John's narrative, with additions) is set for choir, the familiar phrases emerging out of a web of contrasted contrapuntal and homophonic writing. In its choice of scenes and musical images this setting looks forward to those of Schutz and Bach; and as performed here, cooly, subtly, without overt expression (by the Walter von der Vogelweide Chamber Choir, conducted by Othmar Costa) it makes a powerful unity. The Mass on side one is less successful, due to the presence of an accompanying band of instruments which dominates the voices rather than supporting them.

Two other recent records of choral music performed on a small scale make a strong contrast with the Lechner disc. Music of only 20 years after Lechner's Passion makes up the Schutz and Monteverdi record by the Roger Norrington's Schutz Choir and Consort; but whereas the Schutz works, the deeply subjective sequence of Passion meditations from the *Cantiones Sacrae*, provide a plausible sequel to Lechner, the Monteverdi opens up quite a new world. This is his Sestina, the *Lagrime d'amante al sepolcro dell'amata*, a masterly lamentation which hints, in its fourth section, at the baroque exploitation of dissonance for purely expressive ends. Norrington's six soloists sing with carefully controlled and characterised passion: this is a voluptuous vocal sound compared with that of the Consort of Musicke, but then the music is far more demonstrative. Less successful, I thought, is Pro Cantione Antiqua's record of Renaissance Marian motets: glorious music, which when sung by modern male voices acquires an unwonted muddiness. But done with the utmost professionalism.

More music of undeniable greatness which has been recorded with less total success: the viol fantasias of Henry Purcell, those extaordinarily rich late flowerings of an almost dead art-form, are performed by the Ulsamer Collegium with an indulgent weightiness and a wide, expressive vibrato through which it is difficult to hear the sublimely angular counterpoint of the music with any precision. I think I would prefer a modern string band to this though it was good to be reminded of Purcell's melancholic skill in weaving his instruments around each other in the four-part fantasias (particularly the grave and serious minor-mode works which begin side two) or in surrounding the long plainsong of the *In Nomine* with elaborate decoration.

Two important new boxed sets of harpsichord music deserve more space than they can be given here. Kenneth Gilbert's recording of Rameau's harpsichord music follows hard on the heels of the completion of Trevor Pinnock's complete recording, and of the reissue of George Malcolm's pioneering set. Gilbert has the advantage of three superb original instruments (all in the Museum of the Paris Conservatoire) by Goujon, Hemsch and Dumont-Taskin, but I don't feel that his intensely introverted and sensitive approach to this music realises its full potential: both Pinnock and Malcolm have an extrovert rhythmic sense which makes some movements thrilling—Gilbert gives the impression of being over-careful. This is curious, because no such reservations could apply to his unequalled complete recording of Couperin's harpsichord music, which Harmonia Mundi have just re-released in four boxes: here his understanding of the inflections of the music, his control of his instrument's sound, and his ornamentation, are all well nigh perfect. But Couperin's restraint is not identical to that of Rameau.

Equally important, yet also providing its share of frustrations, is Gustav Leonhardt's recording of the complete Well-Tempered Keyboard. (Is this a new recording? There is no date.) Leonhardt emphasises the large time gap between first and second books of the so-called "48"—22 years—by using two different instruments. Often his playing is authoritative, and brilliantly characterised. But (as one might expect with music one has played since childhood), there are a large number of places where the listener is compelled to disagree, where Leonhardt seems to give the music a perversely miscalculated character. Just to take two examples: the D major (Book Two) has a splendid Prelude of orchestral weight and liveliness, but then its intricate fugue is made to sound plodding and prosaic. As for the G flat minor Prelude (Book One), how many meditative players will like, or even believe in, the jagged French Overture into which Leonhardt transforms the piece? Nevertheless, a constantly stimulating issue.

I can do no more than draw your attention to some of the products of smaller companies which deserve attention: the new Tactus label, in particular, has made a feature of recording early music in natural acoustics, not electronically modified, and of choosing reasonably small-scale music suited to domestic reproduction. The results on their initial releases of recitals by the London Pro Musica and the New London Consort are most successful. Saga has produced another of its interesting historical surveys of guitar music, persuasively and pleasantly presented by James Tyler and friends. And finally another new company, Meridian has taken the dubious step of recording the Extempore String Ensemble which (as its name suggests) recreates the skill of extemporising divisions in Elizabethan music. Hard to object, though, for the ensemble's subtle facility and great good taste will surely win them many more admirers on record than could their occasional public improvisations. And as with several of the records noted here, your own living room provides a far better situation for listening to this music than a large, resonant concert hall.

Dowland: Third Booke of Songs 1603. Consort of Musicke/Anthony Rooley. L'Oiseau-Lyre Florilegium DSLO 531-2 (2 records) £7.98

Schmeltzer: Sacro-profanus concentus musicus 1662. Concentus Musicus of Vienna/Nikolaus Harnoncourt. Telefunken AW6.42100 £4.20

Lechner: Missa tertia 1584. Passion 1593. Walter von der Vogelweide Chamber Choir, Collegium Pro Musica/Othmar Costa. Telefunken AW6.4200 £4.20

Schütz: Motets from Cantiones Sacrae 1625. **Monteverdi:** Sestina. Schütz Choir and Consort/Roger Norrington. Argo ZRG 847 £3.99

"Ave Regina": Motets by Gombert, Arcadelt, Willaert, Clemens non Papa, de Rore, Handel, del Monte. Pro Cantione Antiqua/Bruno Turner. Archive 2533 361 £4.35

Purcell: Fantasias for viols 1680. Ulsamer Collegium. Archive 2533 366 £4.35

Rameau: Harpsichord Works. Kenneth Gilbert. Archive 2710 020 (3 records) £13.05

Couperin: Livres de Clavecin. Kenneth Gilbert. Harmonia Mundi 351-366 (4 boxes, each containing 4 records) £11.96 per box

Bach: The Well-Tempered Keyboard Books 1 and 2. Gustav Leonhardt. Harmonia Mundi 20309-13 (4 records) £14.95

Renaissance Chamber Music. London Pro Musica Tactus 1002 £3.50

Canzone, Sonate e Toccate. New London Consort. Tactus TAC 1022 £3.50

The Early Guitar. James Tyler. Saga 5455 £1.75

Consort Music of the English Renaissance. Extempore String Ensemble. Meridian E 77003. £2.99

Malvern Festival

Pygmalion

by B. A. YOUNG

Evelyn Laye and Paul Daneman

Malvern is an ideal town for a festival, and late May is the ideal time to hold it, with the English spring at its zenith. The town is en fete: blossom and bunting deck the streets, and on the green Malvern Hills the paths are firm for those invigorating walks with their stupendous views. There are even nightingales in the trees opposite the theatre. A festival with such natural advantages is clearly worth support.

Last year the Royal Shakespeare Company opened its fine production of *Man and Superman* here. It is too much to hope for a similar event every time; even in the fabled pre-war years the Festival lost a bomb, and, although subsidy has been generous, the Festival Society can hardly sponsor its own productions—yet. This year it is showing three visiting productions, the last of which, Prospect's *Saint Joan*, I have already reviewed with considerable enthusiasm. What's more, there are three visiting orchestras, and numerous first-class chamber music players. There is even a Fringe—an encouraging sign of local involvement.

The opening play is Guildford's *Pygmalion*, directed by Val May. This is the most immediately attractive of Shaw's plays, and the production is an enjoyable one, with a bonne bouche in the person of Evelyn Laye as Mrs. Higgins. Mr. May goes too far in his search for laughs, though, allowing Graham Callan's Freddy, for example, some outrageous clowning quite out of character.

Jennifer Wilson's Eliza suffers too. She's O.K. in the first act, though her Cockney is no more accurate than Shaw's. She is splendid in the scenes after her great triumph. But in her vital scene at Mrs. Higgins's At Home she is right off the rails, and I suspect this must be Mr. May's error. Higgins is teaching her to be a lady, and he could never have specified that absurd hat; worse than the hat she wore as a flower-girl. Moreover, by allowing her a silly over-refined voice, he kills the jokes that depend on common speech in a cultured voice.

Higgins and Pickering are decently done by Paul Daneman and Dennis Ramsden, and there is an amusing Doolittle, Bill Owen with a walrus moustache and a set of gestures as graceful as anything his daughter learnt after six months' swotting.

Next week, *You Never Can Tell*, from the Abbey Theatre Dublin, with Cyril Cusack.

Elizabeth Hall

Lindsay quintets

by DOMINIC GILL

The Lindsay String Quartet were joined by a pianist and a cellist respectively for quintets by Schumann and Schubert on Tuesday—and their programme was dedicated in tribute to the late Thomas Igloi, the young Hungarian cellist who died two years ago at the age of 29.

In their first half, with Clifford Benson, they gave a well-made, slightly careful account of the Schumann piano quintet: attractive for its vigour and bright colour, but not yet with that kind of absolute familiarity and intimacy, every gesture in frame and crisply focused, which allows total commitment, abandon even, without any trace of awkwardness or strain. It was a performance without quite enough centre or inner momentum to silence passing quibbles—wouldn't that mildly exaggerated *ritardando*, for example, in the first movement's second subject sound still more expressive *a tempo*? It would have been nice to hear the three-against-four rhythms in the first C major episode of the slow movement as clearly as one heard the two-against-three later; and in the finale, more incisive contrasts, more develish sforzandi.

But the Schubert C major string quintet is one of those rare, sublime works that unfailingly transcends its performance. Quibbles here — the too cautious reticence of Peter Cropper, the first violin, in the adagio; a few brief moments of counterpoint from time to time less than ideally clear — were truly by the way. Marvellous music played, even at a degree less than the Lindsay's very best form, to marvellous effect. It was apt that the ensemble should have chosen as their second cellist a compatriot of Igloi's, and a notable ex-member of the Bartok Quartet, Karoly Botvay — whose sensitive shading and underpinning, and radiant first-movement duets with Bernard Gregor-Smith, were a constant pleasure.

Country Cousin

Diana Dors

The audience at Country Cousin, always a friendly, not to say boisterous, crowd, took Miss Diana Dors to its collective heart when she opened her two-week season there on Tuesday night. But that was at the beginning of her act when she made an entrance in the old tradition — the split in her black dress, to reveal an ample leg, almost reaching up to the dip in her bodice, which displayed a doubly ample chest.

For a time all was well because Diana Dors, no shrinking violet, has learned to live with, and to laugh at, her blonde and brassy image. She makes a living from being over-blown and revels in her flesh. Even when she started to sing she deserved the initial ovation—her voice is clear and confident and melodic. It was when she got on to her anticipated talent for chat, and for back chat, that the interest ebbed. She seemed adrift from her audience — too young to be a vision of Hollywood nostalgia: Mae West or a Ginger Rogers so beloved by the Country Cousin set — too old to be comfortable with the beyond-the-minute mid-Atlantic gay scene.

The anecdotes about her recent career could be better left to a Press hand out, the Michael Parkinson Show, or the opening of a supermarket. They had all the coy innuendo of the News of the World of the 1950s. Her encounters with the chaps at the front few tables were more geared to Batley than wicked London, being heavy with well tried cliches of the "you couldn't afford me" variety. And the unavoidable impressions were, surprise, surprise, of Mae West, Eartha Kitt etc. (Has anyone appearing at Country Cousin failed to impersonate Mae West?)

Perhaps Miss Dors was keeping the naughty stuff for the later late show? Perhaps she thought Country Cousin attracted Senior Citizens' coach parties, but after her full frontal entrance and her surprisingly professional singing it was disappointing not to be overwhelmed by a big personality to go with them.

ANTONY THORNCROFT

Chichester Festival Theatre

The Inconstant Couple

by MICHAEL COVENEY

After the stunning appearance at the National two years ago of Patrice Chéreau's TNP production of *La Dispute* it is all too drab to be dumped unceremoniously into a leafy 18th century country retreat where *Mariraudage* lives and the linguistic sex battle bristles as if nothing had happened in the theatre for 200 years. "Oh, Watteau Lovely War" should be the sub-title for a broken-backed evening of stylistic thrust and parry in dire need of Mozartian interference.

To be mellow for a second, I have nothing but praise for John Bowen's beautifully wrought, elegantly baroque translation (originally commissioned by the National Theatre), but I am afraid that I side with Planchon, Vilar and Chéreau in expecting a revaluation of Marivaux that does not hinge on a reverentially futile attempt to reconstruct the complicated literary tradition within which he wrote.

After all, the piece is about people not saying what they mean, and although the essential comedy centres around the servant class aping the ridiculous amorous conceits of their masters, sex lurks threateningly in the wings and must be brought in under a spotlight by any responsible modern producer.

Martin Chamberlain, Veronica Roberts, Sian Phillips and Keith Baxter

"Horror!" exclaim the purists, quoting the vile precedent of Planchon plonking a large bed centre stage. In Chereau's *La Dispute*, the metaphysical argument was given short peripheral shrift in favour of a genuinely sexy core of encounters between children incubated from their sires' flirtatious prattle. This play, adapted from a minor work (*L'Heureux Stratageme*, 1733) concentrates on the ding-dong (more ding than dong) among an aristocratic quartet whose example threatens the animal lust pact between a valet and a serving girl.

The whole exercise is presented as a genteel caper against a precious background and Noel Willman's production therefore depends for its success on the superficial style emitted by his cast. In this respect he is admirably served by Sian Phillips and Keith Baxter as the couple who want each other when all is said and not done. The rest is all footling, finely-phrased obstacle with Morag Hood as a capricious Marquise stirring trouble before settling for Tim Woodward's Chevalier, a rouged and unfortunately muted townee fop.

It is all like watching theatre behind a glass partition and at no point is an argument propounded for a full-scale reappraisal of Marivaux, the neglected comic successor of Corneille. There are greater causes to be championed, and if Marivaux is to be one of them, then someone should be studying the example of the TNP.

Arts news in brief

A summer festival of chamber music and song recitals at the Wigmore Hall has been arranged to fill the vacuum in London's musical life which will arise from the temporary closure of the Queen Elizabeth Hall and the Purcell Room.

The festival, from July 15 to August 5, will be presented by the Arts Council and is being organised by Eleanor Warren who was responsible for the BBC's St. John's Smith Square lunchtime recitals.

Haydn, Mendelssohn and Schubert will figure prominently in the 29 concerts. There will be six British string quartets taking part, and the festival will include the first London appearance of the Borodin Piano Trio.

There will be first performances of works by Judith Bingham, Brian Kelly, Gordon ... and David Runswick. Other living British composers represented will be Richard Rodney Bennett, Peter Maxwell-Davies, Alan Ridout and Colin Seaman.

The festival opens with the first London recital for many years of the distinguished mezzo-soprano Christa Ludwig, accompanied by Geoffrey Parsons. This will be followed by the Wigmore Hall's first late night concert—Rodney Slatford's Bassinful—at 10.30 pm. On the three following Saturday nights there will be late shows by Swingle II, a talk by Antony Hopkins and the Marion Montgomery and Richard Rodney Bennett entertainment *Just Friends*.

Artists appearing include Joaquin Achucarro (piano), Mayumi Fujikawa (violin), John Shirley-Quirk (baritone), George Malcolm (harpsichord) Paco Pena and Carlos Bonell (guitars), Jean-Bernard Pommier (piano) and Elly Ameling (soprano).

Ensembles include the Gabrieli, Medici, Lindsay, Aeolian and Chilingirian String Quartets, the Fires of London, The Songmakers' Almanac and the London Early Music Group.

Books on sports and games are reviewed on Page 10

*

The Devon village of Upottery is to be the stage for a major four-day arts festival next month.

The festival, from June 1 to June 4, includes a drama written for Upottery by Patricia Beer. The play will be directed by Clive Swift, for many years a member of the Royal Shakespeare Company, and the cast includes Frank Windsor, Edward de Souza, Michael Goldie, Rowena Cooper and Peter Jeffrey.

Entitled *The Enterprise of England* it describes the events of the summer of 1588 when the Spanish Armada was approaching the coast of Devon. It is based on the letters and writings of Lord Howard of Effingham, Admiral of England, Sir Francis Drake, and the Duke of Medina Sidonia, the commander of the Spanish fleet.

The music programme includes a song recital by Yvonne Kenny and Anthony Rolfe Johnson and a classical guitar recital by Carlos Bonell.

The festival includes a concert by Rolf Harris and a children's programme organised by Tom Baker, BBC television's Dr. Who.

Coinciding with the festival are exhibitions featuring prints by Elisabeth Frink and the work of the Brotherhood of Ruralists.

Box office enquiries should be addressed to Renwick Travel, Honiton, tel Honiton 2094.

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The gendarme of Africa

THE BITTER recriminations sparked by the Franco-Belgian intervention in Zaire appear to be dying down. Mr. Leo Tindemans, the Belgian Prime Minister has received massive Parliamentary support for his action and also appears to have made his peace with President Mobutu. France and Belgium are no longer openly criticising each other's conduct of the operation. The bulk of the Belgian forces have been withdrawn and President Giscard d'Estaing has said that the Foreign Legion will pull out as soon as the last white has been saved. But the wider issues raised by the intervention are far from resolved.

Peace-keeping

One immediate consequence of the operation has been to give further impetus to the idea of a joint African peace-keeping force to deal with similar emergencies in the future. Following this week's Franco-African summit in Paris, President Leopold Senghor of Senegal is to sound out other Governments in the area to see if creation of such a force would be feasible. The difficulties, however, are considerable. At political level, such a force would be open to the charge that its main function was to preserve existing regimes in power regardless of their efficiency or populartiy, like some latter day Praetorian Guard. It would be most unlikely to win the support of English-speaking West African countries like Nigeria or Ghana. At the practical level, it is hard to see how it would be able to operate effectively in the near future without substantial French help.

With French troops in action in countries like Chad and Mauritania, there is no immediate prospect of the country abandoning its self-appointed role as the gendarme of Africa. The haphazard and often illogical boundaries that the continent inherited from the colonial area are bound to remain a source of potential friction, whether it be in Zaire or Ethiopia or elsewhere. The Kolwezi episode has demonstrated that whites can be caught up in such inter-African conflicts on a scale that has not been seen hitherto. Most African armies are weak and inexperienced, and, as the Cubans have shown, the injection of even quite a small number of well trained and equipped soldiers can swing the military balance one way or another.

All this confers a heavy responsibility on those non-African governments that are able and willing to intervene in Africa's affairs. When a country's citizens are being massacred, as in Kolwezi, few people would question a government's right to make every effort to save them. President Giscard d'Estaing's policy, however, goes considerably further. He would argue that the non-interventionist policy of the U.S. since Vietnam has left a vacuum, at its most serious in Africa, that somebody else has to fill. France sees itself as the defender of large parts of Africa against fragmentation and subversion, on behalf of the West as a whole. If such a posture also helps France's economic and political interests, so much the better.

Critics of French policy would argue that no European power, nor for that matter Cuba, has any business interfering in Africa in the post-colonial period. More specifically, they would condemn the use of external military power to support corrupt and unattractive regimes like that of President Mobutu. In the case of Zaire, there is the additional suspicion that France is poaching in what has up to now been a predominantly Belgian preserve. Many African governments, however, would probably support France's action. They need to preserve territorial integrity, whether against invasion or secession, is an over-riding consideraton for most of the continent's newly independent states.

Casualties

Nevertheless, France is undoubtedly taking risks. It is usually easier to get into a war than get out of one. There is always the danger of backing the wrong side or sustaining an unacceptable number of casualties. French relations with the Soviet Union have been soured by the Kolwezi operation, and political opposition inside France would grow if the interventionist policy were carried too far. Ideally, as President Giscard d'Estaing keeps repeating, Africa's problems should be solved by the Africans themselves. But if they are incapable of doing so the West cannot close its eyes to the dangers of continuing conflict and instability in such a key area of the world.

Shipbuilding v. shipping

THE NEW president of the General Council of British Shipping, Mr. Swayne, inevitably devoted his maiden speech yesterday to the world surplus of shipping capacity. To the shipping industry itself, this is no new problem. To those outside it, however, hte full extent of the difficulties ahead may be only now becoming apparent. Mr. Swayne's predecessor concentrated last year on tankers, where about 100m dwt—a quarter of the world total—is surplus to need already. That problem is aggravated by the fact that only 35m tons are over 15 years old and ready for voluntary scrapping and that there are still another 17m tons of new capacity due to be delivered this year and next.

But it is not only in the tanker sector that there is a dangerous surplus of capacity. Much the same is happening in the dry-cargo sector: Mr. Swayne estimates that, even if no more ships were to be ordered and all tankers and bulk carriers over 15 years old were to be scrapped, supply and demand would not move into balance for several years to come. He points out, too, that the liner sector is now faced with similar problems of over-capacity. They are only made worse, in his view, by the fact that over half the new tonnage on order is for newcomers

Over-capacity

Shipping is an industry particularly vulnerable to fluctuations in the level of world trade: but the over-capacity responsible for its present difficulties is partly due to another factor, the over-expansion of world shipbuilding capacity. This can be traced back to a variety of causes: over-optimism about demand in the case of Japan, the desire of various governments in the developing world to save foreign exchange by building up their own fleets, and the decision (for whatever reasons) of countries in the Soviet bloc to invest in shipping on a massive scale. These trends have only been encouraged by the readiness of governments in the traditional shipbuilding companies to provide credit and subsidies on an increasing scale to prospective purchasers, mainly for the sake of avoiding unemployment.

The provision of shipbuilding subsidies for this purpose is by no means confined to Britain. But the terms which the nationalised British industry has recently been willing to offer for new orders, which will only add to existing overcapacity and increase the competitive pressure on British shipping lines, are a justifiable ground for complaint by the latter—not least because of their own contribution to the balance of payments. Other industries may soon have similar cause to complain if British Shipbuilders goes ahead with its plans for (subsidised?) diversification into other fields. The chief executive of the company said this week that nobody in their right mind would say that all the yards could be kept going and that the Government would have to meet the bill for any feather-bedding.

EEC approach

That there will be some feather-bedding at the expense of the taxpayer is, however, a political certainty with unemployment at its present level: the main domestic object must be to strike a reasonable balance and not to help the public sector of industry at the expense of the private. But shipbuilding is only one of several industries in which the EEC is directly concerned because of national subsidies which distort competition. Even within the EEC, no general balance has yet been reached between the need to maintain competitive conditions and the need to dispose of surplus capacity without excessive social costs. But in shipbuilding the issues are clearer than in most other cases. The GCBS, despite its natural fear of bureaucratic intervention, is right to explore in Brussels the linked problems of shipping and shipbuilding capacity among Community members.

High hopes, and high costs, of winning oil and gas from coal

By DAVID FISHLOCK, Science Editor

"WHAT THE Arabs have done is to make chemists think," remarked an ICI research chemist recently. In Britain the outcome is a suite of novel technologies for converting coal into oils and gases which could make substitute fuels and feedstocks when energy prices—as can confidently be predicted—begin to rise steeply again. Yesterday, in an ambitious charter for coal chemists, the Government affirmed its faith in their efforts by announcing plans to build a series of large plants to demonstrate new ways of using coal for the 1990s and after.*

On the basis of estimates made this spring the plan, if fully implemented, will cost about £122m. For this price Britain, in the words of Sir Hermann Bondi, chief scientist at the Department of Energy, will "go outdoors" for the first time with six ideas the scientists have been exploring in the laboratory for several years. From this it will be learned how to feed a heavy and crumbly black rock of very variable composition into chemical reactors. It will be the first industrial step on the long costly road to the coal refineries of the future.

For the past two years a working party under the chairmanship of Mr. Alex Eadie, Minister of State at the Department of Energy, has been examining the future of coal technology, as part of the work of the Coal Industry Tripartite Group. The Tripartite Group itself brings together the coal industry, the mineworkers and the Government in formulating plans for the industry's future.

The question before Mr. Eadie's working party was as much a financial as a technical problem. The coal, gas and process plant industries between them had worked up a number of impressive experiments with coal which gave every hope of being translated into industrial practice. In some cases the scientists could point to collaboration with the U.S. to increase confidence that they were on the right track.

But there were two clear reasons why Britain could not simply leave it to the U.S., with its immense resources for energy research and development, to take the next steps in industrial development. The obvious one is that it would give the U.S. process plant industry a big advantage. Less obvious are the political problems the U.S. Administration itself is having in launching demonstrations of advanced coal technology.

On the other hand, for Britain it meant a heavy investment, on a scale far beyond the present research programmes of the coal and gas industries, which respectively spent £30m and £25m on research and development in 1977-78. Five of the six UK coal technologies thought ready to "go outdoors" are National Coal Board projects. But the coal industry faces a decade in which demand for its product—and hence its profits—is unlikely to grow, while North Sea resources remain plentiful.

Once North Sea resources begin to dwindle, however, the coal industry must be ready to respond quickly if Britain is to remain independent of energy imports. The working party concludes that the Government itself must step in to finance the several steps of industrial demonstration of technologies designed to open new markets for coal. The Government, in principle, agrees with this plan and as a first step will be funding design studies for the first big coal-fed pilot plants to be built in Britain.

The accompanying chart sets out the six technologies—which also have the approval of ACORD, the Government's advisory council for research and development in the energy sector—and the new markets for coal they could open up. The first three, though very different in their chemistry, all share the same two over-riding objectives. One is to improve the ratio of hydrogen to carbon in the raw material, for coal with a ratio of about 0.8 : 1 is at a sad disadvantage as a fuel or feedstock compared with crude at 1.8 : 1. The other is to make coal more convenient to handle than a crumbly solid.

LIQUID SOLVENT EXTRACTION is one way to liquefy coal by treating it with a hot liquid solvent to yield a thick tarry solution which can then be "hydrogenated" to enrich its hydrogen content. The Coal Board at its Stoke Orchard laboratories in the Cotswolds has been operating an experimental unit producing 0.2 tonnes a day of liquids from medium-rank coal. Its BP-designed hydrocracker both enriches and fractionates the feedstock, to produce a passable (if low-octane) synthetic petrol the scientists call Cresto.

Dr. Joe Gibson, Board member for science at the NCB, delights in telling people that Marie Stopes back in the 1940s was urging people to save coal for its chemicals. The working party has accepted the proposal advanced by Dr. Gibson, for a pilot plant consuming 24 tonnes of coal daily, to make 13 tonnes of "coal-liquids." The estimated cost is £16.2m and the project would continue until about 1985. The working party advises the Government to make a major contribution towards the cost of this plant.

Another novel way of liquefying coal, also invented at Stoke Orchard, is SUPER-CRITICAL EXTRACTION, in which a solvent vapour such as toluene is used at temperatures and pressures great enough to "open up" the coal and dissolve the more valuable constituents. For the best part of a year the coal chemists have been experimenting with a plant designed by Woodhall Duckham (part of Babcock and Wilcox) to dissolve about 120 kilogrammes of coal a day.

The plant Dr. Gibson now proposes would produce eight tonnes a day of coal extract from a feed of 24 tonnes of coal. The cost is put at £14.8m and again the project would run until about 1985. The working party recommends that the Government should make a major contribution towards the cost.

Tripartite project

PYROLYSIS is another clever piece of chemistry from Stoke Orchard, in which coal is cooked very quickly by an intensely hot flame in hydrogen at high pressure. The result is a mixture of tars, oils and fuel gases, the precise blend of which can be controlled by the reactor conditions used. It could be a very versatile adjunct to a coal refinery of the future. A recently negotiated tripartite project between West Germany, Britain and Sweden, under the aegis of the International Energy Agency, will take pyrolysis of coal a stage further, at a cost of about £3.25m. But the NCB has proposed that the next step should be a plant burning 24 tonnes of coal a day, costing about £17m, construction of which should start around 1983. The working party's verdict is that this proposal should await the outcome of the German-led IEA experiments.

British Gas, at its Westfield Development Centre in Scotland, has already demonstrated on industrial plant a highly promising gasifier which could form the heart of commercial method of making substitute natural gas (SNG). This could be the means of keeping Britain supplied with gas when North Sea supplies are exhausted. Its "slagging gasifier"—a Lurgi reactor ingeniously adapted so that the coal ash flows as a liquid from the reactor, much as slag flows freely from a blast furnace—has attracted considerable interest in the U.S. The Conoco Coal Development Company hopes to incorporate it into a design of a big SNG-from-coal demonstration plant to be funded by the U.S. Department of Energy.

The latest idea of British Gas is a modification which would permit the gasifier to burn coal dust as well as lump coal—an important feature because modern coalmining methods produce generous quantities of "fines." Its idea is to add a new bottom section to its reactor, which would burn fines to heat the gasifier itself, with steam being injected at the interface between the two sections. The new concept is called the ENTRAINED - FLOW FIXED - BED COMPOSITE GASIFIER.

British Gas has proposed a pilot plant at Westfield consuming 100 tonnes of coal a day, at a cost of £12m. The working party accepted the proposal—which also has NCB support—and recommends that the Government should be prepared to make a substantial contribution towards the cost.

Interest is growing rapidly in new "combined-cycle" methods of generating electricity at higher efficiencies—perhaps 5 to 10 per cent higher than steam-raising cycles today. The Coal Research Establishment has been working on a coal-burning cycle which would gasify the coal with steam and air at a relatively low temperature, so as to avoid adulteration of the gas in a way which could damage the gas turbine. This gas would be burned with more air to drive a high-temperature gas turbine and generator set. Not least of its advantages might be that such powerplants would be built as modular systems, largely prefabricated in factories, like chemical plants.

The NCB proposal for LOW Btu GASIFICATION suggests a fluidised-bed gasifier equipped with gas clean-up chemistry, and a gas turbine—a complete powerplant in fact. It would cost about £11.8m and would be a six-year project, starting in 1980-81.

The working party recommends that the support of the Central Electricity Generating Board—as the main domestic prospect for sales of such a powerplant—should be sought for a feasibility study. The Government should meet the cost of this study. In due time the NCB and the CEGB should submit their joint proposal for a pilot plant.

Last and largest of the six proposals is for a big fluidised-bed powerplant, to succeed the IEA's sponsored experiment rig under construction at Grimethorpe in Yorkshire, expected to be operating next spring. The PRESSURISED FLUIDISED-BED COMBUSTION project, as put forward by the NCB, would be a power-plant generating 80 MW of electricity, costing £50.3m and spread over eight years. Babcock and Wilcox, commercial leaders in the technology in Britain, have proposed a somewhat more ambitious scheme for a power-plant of 100-200 MW output "to demonstrate to overseas buyers the confidence which Britain has in the new technology."

The working party's verdict is that the two organisations should prepare a joint proposal for an 80 MW demonstration, for Government to consider, "with a minimum of delay."

No-one who has carefully examined the problem remains in any doubt that the new coal technologies—as with nuclear or the "benign and renewable" energy technologies — will require great perseverence and heavy investment in "launching aid" to bring them to the marketplace. One way of stiffening national resolve to persevere with the expense and the problems will be to sew up as many projects as possible as international ventures, when launching costs will be shared perhaps by two or three countries.

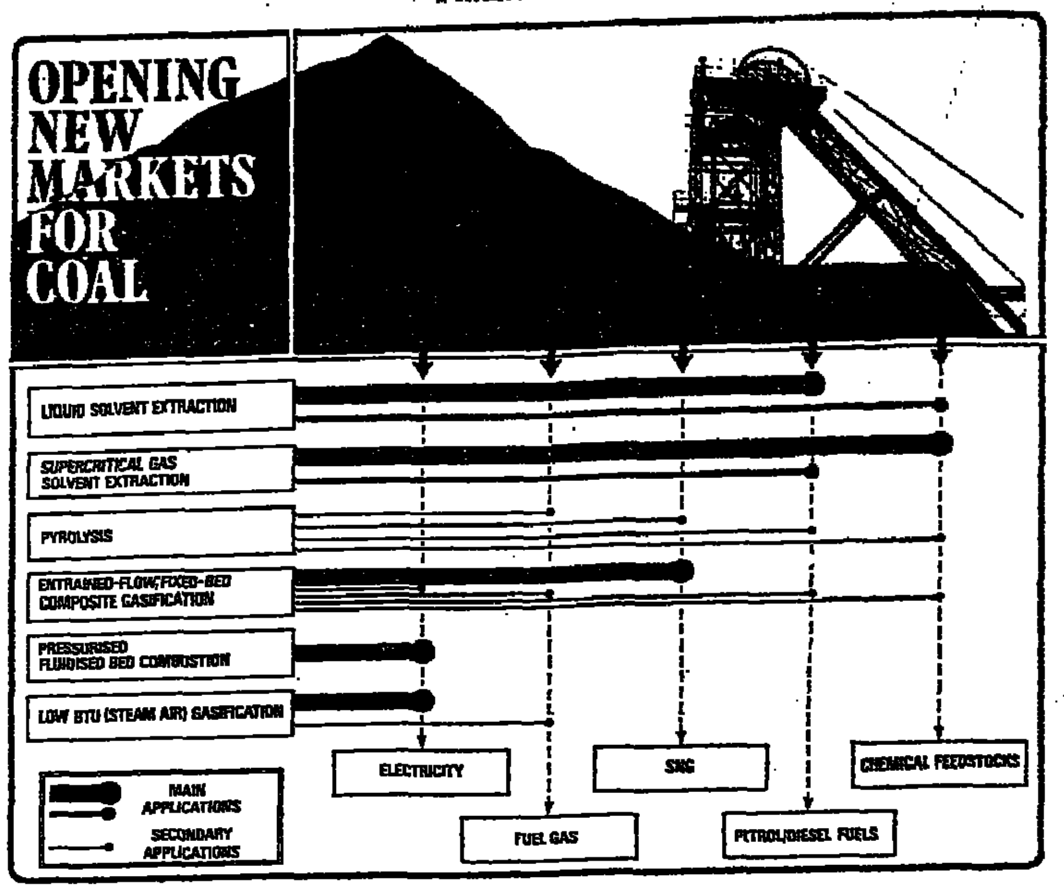
The technologies are novel and demanding in the operating conditions—temperature, pressure, etc.—required. The feedstock is troublesome to handle and will give rise to a voluminous waste. The scale required is likely to be very large. For a successful coal refinery—"coalplex" — several of these advanced technologies will have to operate harmoniously together. In the cases of liquefaction and gasification, for example, the U.S. and West Germany have an agreement whereby they have designated projects on which they will exchange technical information. By building its own pilot plants Britain could be providing itself with a valuable passport to this exclusive club.

The working party quotes U.S. estimates suggesting that the capital cost of plants manufacturing syncrude or SNG is likely to be very high. For example, they estimate that it might cost £500m. to build a plant to produce 50,000 barrels per day of syncrude (synthetic crude), or 200m standard cubic feet per day of SNG. This compares with about £200m-£300m for an oil refinery or a big ethylene cracker today.

A recent study by ICI—the British company which has probably shown greatest interest in the impending return to coal as a feedstock—suggests that the Department of Energy itself is greatly underestimating the capital investment Britain must expect to make. It suggests that the capital requirements for coal conversion by the year 2025 could be as high as 80 per cent. of the capital needed for nuclear energy. Adding the two resources together—with nuclear fuel providing most of the electricity by then, and coal most of the liquid and gaseous fuels and feedstocks—the ICI study forecasts an investment of £171bn in energy plant by 2025 at present-day prices. This figure compares with £52bn invested to-day, of which £31bn is in electricity.

One further hurdle should not be forgotten. Coal refineries will be located not on the coast, as are oil refineries, but close to rich pockets of coal. Britain is discovering that its richest reserves of coal often lie under land with no coalmining—sometimes no industrial—traditions. It may be possible to disguise the activity underground cunningly enough to avoid damage to the countryside. But how to disguise a "coalplex" will be a formidable challenge for the process plant designers of the 1980s.

*"Coal technology: future developments in conversion, utilisation and unconventional mining in the UK. Department of Energy, no charge.



MEN AND MATTERS

Youth may not have its fling

The Labour Party's first-ever political broadcast for youth is not due to go out until June 15th. But already it has led to some spirited battles between the Young Socialists and their elders. Yesterday, the Young Socialists met the Labour Party's National Executive Council to try and resolve these. Nick Bradley, the Young Socialists' representative on the NEC, was quite specific: "The Labour Party should be prepared to take a chance, face the anger of the Tory press and make a socialist appeal to young people. Far from harming Labour's electoral prospects, I am firmly of the opinion that this would enthuse our members and supporters and help ensure the return of a Labour government."

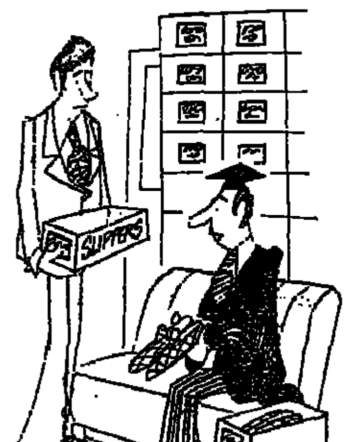
Bradley and his colleagues are worried at the way young potential supporters for the Labour party do not turn out on polling day. They claim that the 2.5m new voters on the lists mainly back Labour. But the NEC has its own worries, not least that Margaret Thatcher may be in "Red Scare" mood.

Matters came to a head last week, with arguments even breaking out between technicians making the film. Last weekend the National Committee of the Young Socialists approved a resolution saying that the disagreement was political. They want to highlight the need for "Clause Four" policies, advocating public ownership of the means of production. They also condemn "clever management of an ailing economy" since this is "guaranteed to bore and alienate the mass of young people."

However, the NEC put an end to their hopes of exclusively handling the broadcast. It argued that Labour never gives sole control of a party political broadcast to "one section" of its membership. Now, I hear, there is a consensus on what should be in the programme: "precise details of how this will be presented are still being discussed." A balancing act, in other words, is in prospect. Which sounds just like Uncle Jim's style.

Missed snip

A warning that "more Mentmores" will soon come on to the market—and their heirlooms dispersed all over the world unless urgent action is taken—was given yesterday by Mrs. Jennifer Jenkins, chairman of the Historic Buildings Council. The council's newly-published report chides the government for its behaviour over Mentmore; this is a forthright attitude for an advisory body that reports to Environment Minister Peter Shore. "What happened was a very good example of how not to handle such an offer," Mrs. Jenkins says. "At £2m., Mentmore was a snip."



"They're comfortable enough, but would they keep the lower fifth in order?"

She declines to identify several historic houses over which the council sees "a big question mark," but points out that the aristocracy is selling off its treasures at an even-faster rate. "Britain's great homes are being drained," she told me.

Mrs. Jenkins says it is "unsatisfactory" that the Treasury and other government departments have failed to agree a policy to cope with future Mentmores. She and the HBC council—which includes such notables as Professor Nikolaus Pevsner and Sir John Summerson — also think Britain's architectural heritage is starved of funds. "To allocate £5m a year to historic buildings and £50m a year to the Arts Council is a severe imbalance," says Mrs. Jenkins.

Sister ships

The owners of the Eleni V, whose oil is being fought on the beaches of East Anglia, have a record of putting oil ashore in fairly unusual circumstances. Twelve years ago Nikos Vardinoyannis's Ioanna V managed to break UN sanctions and supply fuel to Rhodesia. Before his death a few years ago, Vardinoyannis used to claim in private that he had outwitted the Royal Navy. According to Greek shipping circles, as the Ioanna V pumped the oil to an underwater pipe, it was replaced with sea water so that the plimsoll line did not change. He also used to boast that he had helped to re-elect President Nixon by contributing to CREEP — the campaign to re-elect the President.

The Varnima Corporation is the managing agent of the Eleni V and belongs to two surviving brothers of Nikos Vardinoyannis. But it is none too keen to publicise that the Eleni V also in fact belongs to the Vardinoyannis family.

The Eleni V is Greek registered and with a Greek flag, but Varnima told me yesterday that she belongs to the Panamanian company, Gladiole. At first a company spokesman said he did not know who were the shareholders of Gladiole; then he added: "Of course, ownership of Gladiole is with the Vardinoyannis Group."

Delayed action

This week an editorial in the Frankfurter Allgemeine Zeitung has discussed the possibility that a current German bestseller is accurately prophesying a future world disaster. The book is called "The Crash of '81"—and do not be misled into thinking that Paul Erdman has already written his follow-up to his doom-laden "The Crash of '79." The German publishers of Erdman's book, decided to push the title two years on for the very basic reason that it will give them more selling time. The book's editor, Uwe Gruhle, says there have also been some other "cosmetic changes": the novel has been slightly modified to incorporate the domestic struggle between Carter and a Republican rival.

Out in the Middle East, the book is never quoted at all in the newspapers—its sale is banned, although anybody who matters has read it. Sheikh Yamani has been heard to dismiss it with a joke: "We won in the end, didn't we?"

Animal crackers

The State of Minnesota has just opened a Recreational Interpretive Centre. This is also called "a facility which zoogeographically exhibits in nature-imitating habitats living things selected for their adaptability to a zoo environment."

In a word, a zoo.

Observer

ECONOMIC VIEWPOINT

Brush up on your study of snakes

WHEN the Prime Minister met Chancellor Schmidt at Chequers, a rather vague suggestion emerged that Britain might take part in an undisclosed German plan to stabilise exchange rates within Europe and to meet speculation with joint intervention. In Brussels at the weekend the EEC Commission produced a plan for co-ordinated fiscal action of the sort that Britain has long espoused, which was at least not rejected out of hand by the German spokesman at the meeting, and Mr. Denis Healey spoke a little more forthcomingly about British willingness to study some snake-like arrangement. And at Commons question time on Tuesday the Prime Minister told an uneasy Mr. Brian Gould MP—Mr. Gould believes in devaluation—that this was by no means to be read simply as a polite gesture.

Why, should the Germans be so anxious to secure such an arrangement that they are willing at least to contemplate yielding to British and other pressures for a fiscal stimulus which they consider domestically dangerous? Cynically, one might suggest that they are simply trying to secure some reward for a sacrifice which they now see as inevitable. U.S. political pressure on Germany to reflate has recently been far more intense than anything Britain could achieve, and the Brussels plan to raise the Community growth rate to 4½ per cent has now the more or less unanimous support of the other eight member states.

A snake defines a zone in which German trade is much less disturbed by exchange rate uncertainties than in the world at large; what is perhaps more important, it is an area in which German profit margins are relatively predictable. From the German point of view, then, such a scheme can be seen as a constructive outlet for Germany's otherwise sterile but rapidly growing reserves.

The weakness of the dollar has until recently made these arguments far more urgently persuasive than before. The German authorities have been faced with an unhappy choice between currency appreciation which has been putting real pressure on margins and competitiveness, and losing control of the domestic money supply through support operations. The recovery of the dollar has relieved this pressure for the time being, and if the dollar remains strong, the question of counter-measures will become largely academic.

Wall Street

This does not seem too likely. Most market experts see the strength of the dollar as rather temporary. A rise in interest rates, and the winter economic pause enforced by the U.S. coal-miners, was enough to relieve the immediate pressure, and the dollar recovery provoked a large flow of private investment capital into Wall Street and U.S. real estate.

However, investors cannot switch their portfolios without limit, and there have already been signs that the capital inflow has reached its peak. Meanwhile, U.S. growth has rebounded vigorously, with some disturbing signs of overheating—shortages of products like aluminium, paper and board, and a sharp rise in the wages of unskilled, non-unionised workers. This carries the threat of both inflation and a rise in imports, and unless the Fed under its new chairman is allowed to show almost unprecedented severity, it adds up to bad news for the dollar. The likelihood is that a weak dollar will be posing problems again before the year is out.

The Germans, therefore, may be pressing their proposals with some urgency again—especially if, as now seems strongly likely, the Bonn summit produces nothing concrete. Europe may by then be drifting into the form of Community protectionism known to the French as "orderly free trade" and to others as ganging up on the Japanese. A currency stabilisation scheme would then be seen not simply as a matter of market management, but as a necessary step to preserve liberal trading conditions inside the Community and its main trading zone.

Against this background, it is easy to see why the British Government should be more willing than before to discuss a snake project; and there are strong domestic reasons too. It is not only in Germany that currency speculation has made domestic monetary management very difficult. What is more important, it is now recognised that a counter-inflation policy, so far from being something which hampers growth, is an essential part of any growth strategy: the sharp recovery happening at the moment is almost entirely due to falling inflation, and the main growth strategy for the future relies on a further fall.

There is still some schizophrenia about what all this implies for exchange rate policy. The very sharp fall which was permitted after the dollar recovered shows a continued preoccupation with competitiveness; but the expensive defence of the rate in recent weeks shows an equally strong yearning for stability at what is seen as a reasonable level. The intervention seems to speak for the real Mr. Healey. He has been distinctly rude to industrialists who have urged the case for a further depreciation, and told them to control their costs.

For the time being the exchange rate may be seen as a general sanction against cost inflation in the private sector, more effective and less unpopular than official sanctions against individual companies dealing with the public sector. In the longer run, there are certainly some advisers who see that the underlying improvement in the oil balance of payments may make it very difficult to preserve industrial competitiveness even if that is desired again. It is not easy to maintain a very large surplus in a floating rate world without losing competitiveness either through exchange rate appreciation, as the Germans and Japanese have found, or through the kind of monetary inflation which has been so rapid in the OPEC countries. In the longer run, Britain might share the German interest in snake as a means of recycling surpluses and preserving markets.

In this respect a snake arrangement, whatever its technicalities, can be seen as a kind of mini-IMF, financing imbalances and possibly imposing disciplines within a group which strives to maintain stable monetary relations—a second best to the Prime Minister's preferred strategy of general reform, with a refurbished SDR playing the international role of the dollar.

However, the EEC scheme could in some respects be much more ambitious than anything which could conceivably be agreed at a higher international level. When the Chancellor discussed the possibilities in Brussels, he argued that the tighter the discipline of the snake, the greater must be the provision for the transfer of resources.

This is a highly ambitious phrase. The German proposals, which have yet to be unveiled, seem to be centred on some notion of pooling reserves. This is a transfer of resources of a kind, and makes it possible to finance imbalances which would cause impossible strains under a clean floating system, but it still implies basic balance as a medium-term objective for all those taking part.

Transfers

But there is another approach to the transfer of resources which the British certainly see as more appropriate for tackling structural problems. It is variously known as regional policy (the Heath approach in 1972) adjustment assistance (which may crop up as a feature of "orderly free trade"), or, more plainly, as aid. Mr. Callaghan has included aid to the developing countries in his five point programme for recovery: the thought pattern is consistent.

The fact that there are two clear theoretical alternatives here does not, of course, mean that any Community solution is likely to be simple or theoretically pure. If progress is made at all, it will result in a compromise, with some features of a financing arrangement between independent trading partners, with their appropriate disciplines, and some of a single trading region, in which balance of payments problems are transformed into regional and structural problems. It will also be abominably complicated.

However, the implications of any progress on these lines for domestic management are profound, and relatively easy to grasp. First, as we have already seen, some harmonisation of fiscal policy is essential (and restrictions on the Government deficit will offend far more Labour members than are ready to go to the barricades for freedom to devalue). Co-operation on monetary policy, already institutionalised in Basle, would have to become tighter.

These are the considerations which may offend British patriots. The disturbing fact from the point of view of Bonn is that any snake arrangement, however helpful, is likely to fall apart before long if inflation rates diverge widely, and this implies that German participation implies not so much the risk as the fact of faster inflation, because it is hardly feasible for every other country to slow down to the German pace. There is a theoretical escape from this dilemma through crawling pegs or dynamic bands, under which exchange rates would move continuously at an agreed pace, and would be predictable even if they were not stable. However, although such schemes appeal to technicians, they have no political backing.

If these political difficulties can be overcome, the markets will also have to adapt their thinking, partly in ways which are already becoming familiar. A snake is the apotheosis of dirty floating: and where intervention is heavy, and the money supply consequently unpredictable, domestic credit expansion becomes the touchstone of monetary policy. Indeed, it may come to be realised that our present obsession with the money supply is not a rediscovered truth about human behaviour, but a necessary consequence of floating exchange rates.

The changes described here are radical, and will not be achieved overnight; perhaps they never will be. However, the yearning for stability and orderly financing is strong in many countries, and the necessary price to be paid in terms of sovereignty and even of revenue seems less forbidding after the experience of the largely illusory freedoms of recent years. A detailed study of snakes may not be necessary from some time yet, but a general consideration of their habits does suggest how the climate is changing.

Anthony Harris

Mr. Callaghan and Chancellor Schmidt: A joint interest in herpetology (study of reptiles)?

Letters to the Editor

Bureaux de change

From Mr. P. Rost, MP

Sir,—Chequepoint Services has on two occasions in your columns challenged me to produce "evidence" in support of my allegation that some bureaux de change charge unreasonable commission and offer unfair rates of exchange. My criticisms were not specifically directed at Chequepoint, but since the company rejects them as "unwarranted," "publicity-seeking" and "mischief making," I leave readers to judge for themselves.

One dissatisfied Chequepoint customer changed SKr 70 on April 1 at SKr 9.23 when the rate was around SKr 8.45. He was also charged 5 per cent commission, giving him a net £7.20.

On a sample day (February 16) Chequepoint at Gloucester Road, London, offered to buy French franc notes at FFr 10. A tourist changing FFr 1,000 would have taken away £100 less £2 commission = £98. At the Midland Bank nearby the FFr 1,000 would have been changed at a rate of FFr 9.58, less commission of 20p = £104.18p.

On the morning of May 18 I trailed from Oxford Street to Trafalgar Square by way of Piccadilly. Most bureaux offered to buy French francs at around FFr 9 and the highest commission I found was 5 per cent at Chequepoint in Shaftesbury Avenue. In front of me there at the counter was a middle-aged Belgian couple with (French) FFr 1,000 in notes which they were just about to change. I invited them to come outside with me and explained that if they went round the corner to the Midland Bank in Coventry Street they would get an exchange rate of FFr 8.77, less 20p commission. They took my advice and received £113.82p net instead of £111.11p, less £5.55p commission—£105.56p net—that they were preparing to accept.

Their surprise and gratitude strengthens my cause. This was their first visit to London; they were aware that bureaux were not "official" banks, but believed that, as the British have a reputation for "fair trading," they were under official supervision and so there was no need to spend half their day shopping around for a fair currency exchange.

I accept the argument that bureaux provide a service outside banking hours for which there is a demand, and I believe the banks should try harder to recognise this need. But my evidence confirms that some bureaux provide this service with rates and commission which are reasonably in line, while others do not.

Unless either the Bank of England, the British Tourist Authority or the Department for Consumer Protection tightens up on the proliferation of bureaux which do not offer tourists a fair deal, I fear our reputation will suffer.

Peter Rost.
House of Commons SW1.

Iran's aid to Pakistan

From the Press Counsellor, Pakistan Embassy.

Sir, — In his despatch from Tehran, Andrew Whitley (May 22) claimed that "Iran has threatened to cut off economic aid to Pakistan" if the death sentence on Mr. Zulfikar Ali Bhutto is carried out.

There is no truth in Andrew Whitley's report of such a "threat." Andrew Whitley gave a similar report to the BBC. This report, when broadcast by the BBC, was immediately denied by the Iranian Ambassador in Pakistan and this denial was duly broadcast by the BBC a couple of days ago.

It is also noteworthy that Mr. Bhutto's appeal is now being heard by the Supreme Court of Pakistan and the matter is therefore *sub judice*.

M. Zubair Ali.
Embassy of Pakistan,
35, Lowndes Square, SW1.

Treat gold as a commodity

From the Editor Gold Newsletter.

Sir,—Some of your correspondents seem obsessed with the idea of tying the international monetary system to some standard which they hope will give it stability—gold, land and houses have been mentioned. What I think they lose sight of is that money is not wealth, but is a claim on wealth and is ultimately tied up with all production and trade.

Gold, land, houses and, indeed, anything else fluctuates in price quite independently of the monetary system. One of the factors, for instance, which makes gold unsuitable for a standard is that in boom years the amount of new gold mined is less in money terms than the growth in international trade. And if, by chance, it was greater economic problems would still ensue (as Europe found to its cost in the 16th century when gold and silver flooded in from the New World). It is also worth mentioning that there is relatively little gold around. All the gold mined since the world began could be carried quite comfortably in one large ship.

Far better to treat gold as a commodity, as the United States Government and the central banks obviously intend, and let sensible citizens who do not wish to hold the paper money produced by financially incompetent countries buy and trade in it if they so choose.

G. E. Lee.
80, Chancery Lane, WC2.

The small firm

From the President, Gosport Chamber of Trade and Industry

Sir,—The Chancellor of the Duchy of Lancaster, in his paper to the Labour Party TUC Liaison Committee, reported in your Parliamentary page of May 23, seems unaware of the true position of the employee in a small firm.

He argues that the Employment Protection Act seeks to give the same cover to workers in small firms as is enjoyed by those in large, well-unionised ones. This superficial statement disregards the fact that the working atmosphere in a small firm is quite different from that in the impersonal ant-hill of a giant factory; a fact of which the average worker is well aware. The person who seeks work in a small firm does so for things the giants cannot offer.

From the bicycle and the adding machine to the oven-ready chicken and the hovercraft, small firms have always been in the forefront of major technological developments because many innovative entrepreneurs feel their drive will stultify in a big corporation. Such men are much more accessible to their employees who therefore have far more sense of team-work. The new entrant knows he'll be much closer to "where the action is" and that his personal and career development will benefit from a close working relationship with the best brains in the firm.

The small firm has long since learnt the lesson that there is no valid distinction between workers and management: all are working colleagues together in an atmosphere which is flexible and receptive to new ideas. It is also more responsive to the newcomer's domestic and training problems than any but the best of the large businesses.

Even with current unemployment levels, there is still a grave shortage of skilled people in many crafts and the small firm has to compete for the available personnel with large organisations which can offer better fringe benefits and with nationalised industries cushioned by Government hand-outs.

Mr. Lever seems to think the small firm only competes successfully in this market-place by keeping the worker ignorant, which is greatly to under-estimate the calibre of worker acceptable to small firms, and that small firms would accept the Act if they understood it properly, which is greatly to under-estimate the calibre of their management. The fact is that they understand it perfectly well, as many of us have told him, and we also understand the implications of perverse Tribunal decisions which remind us all of the damaging effects of even the best-intentioned laws when they are ineptly constructed.

(Dr.) W. M. Hollyhock.
16 North Cross Street,
Gosport, Hampshire.

Numbers of unions

From the General Secretary, Engineers' and Managers' Association.

Sir,—Mr. Mortimer's latest letter (May 18) lets the cat out of the bag at last. Behind the argument about discouraging fragmentation, etc., lies a policy which, in the engineering industry for example, is blatantly and systematically rejecting the wishes of many thousands of profesional and managerial staff who do not want to be forced, as Mr. Mortimer desires, into other unions as tiny fragmented minorities, but want instead to be represented in a trade union which is identifiably theirs. Although the Advisory Conciliation and Arbitration Service is required to ascertain the opinions of the workers involved in recognition references, as recent cases have shown this is now little more than a charade. Mr. Mortimer's letter explains why.

Mr. Mortimer's views about shipbuilding do not bear analysis. He says that "collective bargaining arrangements already exist at all levels through the Confederation of Shipbuilding and Engineering Unions." That is misleading. For the industry's managers the CSEU is limited to a representation agreement. It can only represent the people it has in membership—about 10 per cent of the total. For other groups of staff the CSEU has sole recognition rights. Mr. Mortimer has persistently sought to blur the well-established differences between these two types of agreement.

Ignoring this distinction therefore, Mr. Mortimer argues that "it would be wrong for ACAS now to encourage fragmentation of representation where collective bargaining arrangements already exist." In practice ACAS's position has been the reverse of that, for it has appeared to be entirely satisfied that rather than that the Shipbuilding and Allied Management Association, with 70 per cent of the membership, should be nationally recognised its membership should be fragmented, provided only that it is fragmented among the constituent unions of the CSEU. Holding the views that Mr. Mortimer has now revealed it is more obvious than ever why ACAS did not want to conciliate in shipbuilding. The mere act of conciliation would have undermined its whole position.

Happily, I believe that there are possibilities of a reconciliation of the views of the CSEU and EMA/SAIMA in shipbuilding, although it is much too early for there to be any certainty about it. What is valuable is that Mr. Mortimer has now expressed the ACAS views so clearly. Everyone can now see what is afoot, and I believe that oppostion to ACAS policy will steadily grow. ACAS should reconsider its policy before it discredits itself further.

John Lyons.
EMA, Station House,
Fox Lane North,
Chertsey, Surrey.

Catch 22 in the City

From Mr. R. Wilkinson

Sir—In his Lombard column of May 23 Anthony Harris once again provides a shining ray of common sense in the monetarist world we live in. Unfortunately the Chancellor and the Governor as self-confessed "practical monetarists" have defined the rules of the game so that it is not surprising that the City is now enforcing those rules. The City is the self-appointed guardian of the authorities' monetary conscience. The institutions which fund the Government's borrowing requirement can and do call the tune in terms of interest rates and credit restrictions, even at the expense of the real economy, or indeed at the expense of already invested funds, in the investment of a marginal increment of cash-flow.

Last year, Mr. Harris pointed out the Catch 22 of monetarism — it can never be right to increase money supply at any stage since it implies an increase in the inflation rate at some future stage. He cannot therefore be really surprised at other examples of the devastating logic of the doctrine. The hero, or possibly anti-hero, of the book when refusing to fly because of personal danger was posed the question "what if everybody thought like that?" He replied, "then I'd be a fool to think any other way." If the funding programme is in the grip of monetarist logic and managers hold their funds from the market, they are simply saying that they would be fools to do anything other. Why be a hero at 9 per cent minimum lending rate when you have to face the trustees at 11 per cent minimum lending rate?

The equity market is in the same grip of Catch 22 logic. I am told that dividends are now being paid with real money which is derived from stock relief and not paper earnings derived from actually selling things. This is precisely the principle in the book that there was far more money to be made in not growing or selling alfalfa than in growing it.

The authorities can only fund when they don't need to and vice versa. Who, apart from Mr. Harris, is crazy enough to question the sanity of the financial world we live in?

R. P. Wilkinson.
Ocean House,
10-12 Little Trinity Lane, EC4.

Today's Events

GENERAL

Scottish National Party conference opens, Edinburgh (until May 27).

Two-day conference on World Textile Trade—an International Perspective, organised by British Textile Confederation and Textile Institute, opens at Heathrow Hotel. Speakers include Mr. Edmund Dell, Trade Secretary, Viscount Etienne Davignon, EEC Industrial Commissioner, and Sir Arthur Knight, chairman, Courtaulds.

Chinese Government mission arrives in UK to look at agricultural mechanisation (until June 12) prior to visiting Italy, France and Germany.

United Nations special session on disarmament continues.

Tokyo discussions continue between Japan, Soviet Union and U.S. on East Siberia natural gas project.

Fourth session of United Nations Commission on Transnational Corporations continues, Vienna.

London Chamber of Commerce business forum on Trade-related Aspects of Education in the Middle East, 69, Cannon Street, EC4, 10 am.

PARLIAMENTARY BUSINESS

House of Commons: Debate on the Army, Air Force and Naval Discipline Acts (Continuation) Order.

House of Lords: Tuvalu Bill, third reading. Trustee Savings Bank Bill, committee. Motions to approve Planning (Amendment) (NI) Order; Health and Safety at Work (NI) Order; Building Regulations (NI) Order; Licensing (NI) Order. The House then rises for the spring holiday recess until Tuesday, June 6.

Select Committee: Race Relations and Immigration. Subject: Effects of EEC membership on race relations and immigration. Witnesses: Officials from Foreign Office, Lord Chancellor's Department and Department of the Environment (4 pm, Room 6).

OFFICIAL STATISTICS

Capital expenditure by manufacturing, distributive and service industries; and manufacturers' and distributors' stocks (first quarter, provisional). Car and commercial vehicle production (April, final). Bricks and cement production (April). Energy Trends publication from Department of Energy.

COMPANY RESULTS

Associated Engineering (half-year). Bass Charrington (half-year). Beecham Group (full year). Caravans International (half-year). Courtaulds (full year). ICI (first-quarter figures). ICL (half-year). International Paint (full year). Marley (half-year).

COMPANY MEETINGS

See page 26.

COMPANY NEWS + COMMENT

European downturn leaves BOC £10m lower

WITH THE EFFECTS of the UK gas division strike spilling over into the second quarter and European trade suffering from difficult conditions in the chemicals, metals and medishield businesses, *pre-tax profit of BOC International* slumped from £36.5m to £26.2m in the March 31, 1978, half year.

Directors say the strike cost almost £5m. The overall European trading contribution was £11m down at £7.2m. At the end of the first quarter group profit was cut from £16.61m to £10.8m.

In a descriptive letter sent to shareholders yesterday BOC reveals that its $504m takeover of Airco, the U.S. industrial gases company, has cost it $3.9m in fees and *expenses since September*, 1977. Of this sum, Lazard Freres, BOC's advisers in New York, received $2.5m.

The letter shows that BOC increased the loan facility, which it arranged to finance the purchase of Airco, from $400m. to $500m. This loan is repayable in two years beginning in December, 1982, and will carry an interest rate ¾ per cent above the London Interbank Rate for Eurodollars.

The acquisition of Airco involved quite a struggle between the Boards of the two companies, but the BOC chairman, Sir Leslie Smith, told shareholders in the letter that "these difficulties are now behind us and both sides feel that honour and responsibility are satisfied . . . with Board room differences put to rest, and on *the basis of mutual respect* and friendship built during the last five years, there is much we have to do together."

The document also reveals that *that the SEC is investigating some* aspects of the offer in January, 1978, by which BOC raised its stake in Airco from 34 per cent. to 49 per cent. The SEC's investigations, aimed at seeing whether there have been certain violation of securities law, are continuing.

Sales in the half were unchanged at £325m, while operating costs increased £6.5m to £279.5m.

Directors say that the trading profit would have been £1.5m higher if exchange rates ruling at *September 30, 1977, had applied* in the period.

As well as the extra depreciation incurred through its normal practice of valuing some assets at replacement cost, a *further £2.6m* provision has been made for depreciation that will arise on the extension of the revaluation process to additional assets. This is designed to progressively bring the depreciation charge to the level calculated on a current cost basis.

The results of Airco have not been consolidated in the period. Airco became a wholly owned subsidiary on May 9.

Adjusted for the rights issue *earnings per share are shown* down from 3.22p to 2.4p. The interim dividend is stepped up from 1.34p net per 25p share to 1.65p. A 1.795p final was paid last year on record profits of £82.2m.

At March 31 the balance sheet total was up from £619.1m to £712m. with fixed assets £433.3m compared with £401.4m at September 30, 1977. Associated companies and investments were £152m (£97.3m) and working capital (excluding bank balances and short term loans) was £126.7m (£120.4m). Net borrowings and finance leases were up from £153.6m to £230.7m.

	Half year 1977-78 £m	1976-77 £m	1976-77 £m
Sales	325.0	325.0	670.6
Operating costs	279.5	273.0	556.1
Depreciation	21.2	17.2	35.7
Assoc. profits	10.8	11.5	23.0
Trading profit	35.1	46.3	101.8
Europe	7.2	19.2	39.5
Africa	7.1	6.3	16.7
Americas	9.2	10.0	19.9
Asia	2.2	2.5	4.9
Pacific	9.2	9.2	20.5
Interest	8.9	9.8	19.6
Profit before tax	26.2	36.5	82.2
Tax	13.1	19.1	35.1
Net profit	11.1	17.4	47.1
To minorities	3.3	3.4	7.7
Available	7.8	14.0	39.4

See Lex

HIGHLIGHTS

Second-quarter figures from **BOC** show recovery in European *profits but overall worldwide profits* are again lower than a year ago. **Keyser Ullmann** has shown a £3.6m improvement at the operating stage, while shareholder funds have increased by just over 10 per cent. Lex also takes a look at the *Euro-dollar market where increasingly competitive terms* are being offered. **MEPC** is fairly optimistic about its letting programme and a reasonable recovery is on the cards for the year. **Ransome Hoffman** on the other hand is suffering from *price competition in the bearing market and first-half profits* are £1m lower. There are few surprises in the **London and Northern** figures, with the outcome in line with mid-term projections, while **Avon Rubber** has been held back by its tyre-*related activities and interim profits are 5 per cent lower.* **Eastern Produce** has been bolstered by the strong tea prices while **Ultramar** has performed in line with market expectations for the first quarter.

Dwek Group restores dividend

Although turnover declined from £6.7m to £6.04m profit of Dwek Group jumped from £50,576 to £179,066 in 1977. Dividend is restored with a 0.198p net per 10p share final. The last payment was a 0.335p interim in 1974.

The result is after tax of £86,243 (£55,544) and extraordinary debits of £57,910 (£56,812).

Mr. M. Dwek, chairman of the pvc importer and wholesaler says that in the first quarter of 1978 turnover was ahead of the same period last year.

New product lines introduced in the new year—particularly housewares—have had a good reception from customers and it appears that the volume of turnover for 1978 should exceed the 1977 level, excluding that amount *related to industrial containers* disposed of with the injection moulding division.

The company has close status.

Record £0.8m at Brunning

A RECORD £814,672 taxable profit, compared with £676,906 last time, is reported by **Brunning Group** for the March 31, 1978 year. Turnover rose from £20.96m to £26.11m.

At half-time profit was some £100,000 better at £424,543, and *directors predicted a full year* advance.

They now say that given reasonable trading conditions they hope the current year's profit will exceed the 1977-78 figure.

In the year just ended they say the advertising, marketing and public relations division *performed well. The boat building* section had a good year and export orders continued to benefit the company. Orders for the current year are satisfactory and it is *intended to build* a new factory at Corby to increase production capacity.

The caravan companies *encountered very difficult trading* owing to the poor summer and also the loss of trading in February following the local blizzard conditions in the south west of England, where most of the company's caravan sites are located. Sales prospects for 1978 appear much improved, they say.

The printing division also had a difficult year while all other companies in the group traded satisfactorily.

The result is subject to tax of £433,992 (£357,744) and there were extraordinary debits of £24,472 (£45,341), mainly related to the closing down of the Roker caravan sales depot.

A final dividend of 2.31p net per 25p share takes the total from 3.4125p to 3.795p. Earnings per share are shown up from 10.5p to 12.5p.

RHP falls £1m so far

WITH ITS principal business in bearings where market trading conditions remained difficult, margins came under pressure for **Ransome Hoffman Pollard** in the 26 weeks to March 31, 1978, and taxable profit fell by £1.02m to £1.6m. Sales showed growth from *£42.52m to £44.60m* but there was a small volume decline in bearing deliveries, compared with the first half last year.

Better results from bearings, a *continuing good performance by* the electrical company MTE and actions to improve Philidas, the fastener subsidiary which fell into loss, make it likely that group *results for the second half will* be ahead of those for the first six months, says Mr. J. Eccles, the chairman. For 1976-77 profit was £5.44m.

Earnings per 25p share are stated at 2.4p (4p) basic, or 2.3p (3.5p) diluted, and the net interim dividend is maintained at 1.44p. Last year's final was 2.4022p.

An analysis of turnover and profit by activity shows with £000s omitted: bearings £38,908 (£37,023) and £909 (£1,825): electrical £3,892 (£3,178) and £875 (£688) and fasteners £1,893 (£2,317) and loss £183 (profit £105).

MTE continued to expand its market share but Philidas *suffered from the combined effect* of reduced demand at home and low priced imports, and has had *to make some of its workforce* redundant. The second six months will however show some improvement and, with delivery schedules firmer, this trend is expected to continue, Mr. Eccles says.

The tax charge of £936,000 (£1.51m) reflects unrelieved losses *in Australia where a restructuring* operation has been completed and improved performance in this area with consequent tax benefits should be seen in the second half.

• comment

With the giants of the industry, SKF and the Japanese, battling it out for market share, RHP can only wait and hope that they will soon pay as much attention to their profitability. This struggle has been going on for 18 months, but RHP says there is now a slight glimmer that the worst is over. As expected, first-half profits are substantially lower and margins have been slashed from *7.7 per cent. to 4.8 per cent.* With bearing profits 50 per cent. lower at £909,000 and losses on the fasteners side, the only good news at this stage is the electrical business, where *profits* are 27 per cent. ahead at £875,000. At 56p the shares yield a prospective 10.4 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Leather	2.43	July 3	2.21	3.8	3.45
Allied London ...int.	0.6	July 21	0.6*	—	1.85*
Avon Rubber ...int.	4	July 10	4	—	9.28
BOC Inter. ...int.	1.65	Oct. 6	1.34	—	3.14
British Syphon	2†	July 3	0.79	3	1.39
Brunning Group	2.31	July 25	2.28	3.41	3.8
Cambrian & Gen. Scs. int.	1.5	June 28	1.25	—	3.5
J. Carr (Doncaster) int.	0.33	July 12	0.3*	—	0.92*
James H. Dennis ...int.	1.41	July 12	1.26	—	2.82
Dobson Park ...int.	1.5†	Sept. 21	0.83	—	2.13
Dwek Group	0.19	June 26	nil	0.19	nil
Eastern Prod.	3.03	—	nil	4.35	nil
Fidelity Radio	3.83	July 7	3.49	5.13	4.64
W. and J. Glossop	2.33	July 5	2.15	3.76	3.47
Keyser Ullman	0.67	—	0.33	0.67	0.33
Leys Foundries ...int.	1.05	July 1	1.05	—	4.3
Lon. and Northern	1.2	Aug. 7	2	2	3.25
Manchester and London	0.49	—	0.49	0.98	0.98
MEPC ...int.	1.5	July 4	—	—	1.7
Monks Inv.	1	Aug. 2	0.95	1.6	1.4
Ports'th and Sunderland	2.25	—	1.93	3.14	2.84
Pritchard Services	0.91	July 14	0.89	1.49	1.34
Ransome Hoffman ...int.	1.44	July 20	1.44	—	3.84
Scott. Heritable Tst.	0.7	June 28	0.64	1.35	1.22
Time Products ...sec. int.	1.25	—	1.11	1.68	1.52
Trust Union	2	June 29	1.7	3.4	2.8

Dividends shown pence per share net except where otherwise stated.

ISSUE NEWS AND COMMENT

Dobson park £5m rights —forecasts £13m profit

Dobson Park, the mining equipment and engineering manufacturer, is making a £5m rights issue and forecasting a profits increase of a fifth to *£13.25m* pre-tax, coupled with a near doubling of the dividend to 4p per share for the current year.

The chairman, Mr. C. F. Ward, also announced the half-year figures yesterday for the period to April 1, 1978, which show pre-tax profits of £6.35m compared with £4.91m on sales £17.4m higher at £64.05m.

The rights issue is of 7,430,720 ordinary 10p shares at 70p each on the basis of one-for-eight. In *the market Dobson's shares closed* 7p higher at 92p.

Proceeds of the £5m issue will be used to finance higher working capital requirements and *capital expenditure*.

The board is planning major capital expenditure over the next two years of in excess of £10m. This is necessary, it is claimed, to meet anticipated increase in demand particularly for mining machinery.

First-half profits for mining machinery are up from £2.12m to £2.88m, while engineering shows a significant jump in profits from £768,000 to £1.2m. Kango's interim profits are nearly 30 per *cent higher at £1.16m, though the* industrial products division turned down into the red with a £152,000 loss compared with a £131,000 profit. Property profits were *£102,000 higher at £599,000*.

Commenting on the first-half results the chairman said yesterday that high levels of production in the mining machinery division contributed to an appreciable increase in sales and profits. Demand continues to be good and additional investment *is being made to increase production*.

The engineering division has shown a substantial improvement overall. In particular demand for Markon alternators is at a high level.

Kango continues to make progress in export markets while *the home market is holding up* well.

Industrial products is, as usual, affected by the seasonal nature of the demand but the full-year figures should reflect the continuing progress of Petite Typewriter. *Losses at Trent Concrete* have continued though there are now signs of some recovery.

An interim dividend of 1.5p is declared and the directors expect to pay a final next March of about 2.5p. Last year a total dividend of 2.132p was paid.

Brokers to the issue, which is underwritten by Hill Samuel, are Fielding Newson-Smith.

• comment

Dobson Park appears reluctant to take on even a small amount of debt for very long. A combina*tion of capital spending and* higher working capital requirements is eating into cash flow. In the last accounts the group was showing net cash of around £1¼m and now there is an overdraft of about £1¾m to £2m. Spending on capital projects could be around £5m this year and with turnover set to rise by a third to £130m working capital needs could increase by a further £6m or £7m. So without the rights issue 1978 may well have been a year when *cash flow has to be supported by* borrowing. But with the last accounts showing fixed debts of only £2.3m compared with shareholders' funds in excess of £38m the balance sheet is far from strained. Meanwhile the profits forecast is ahead of market projections and clearly the overall *package will be well accepted.* At 92p the prospective ex-rights p/e on average capital is just over six and the yield comes out at 6.8 per cent, not a demanding rating.

London & Northern slumps by £3.22m

TURNOVER of London and *Northern Group* fell from £227.21m to £163.9m and pre-tax profits slumped from £9.59m to £6.37m for 1977. Results reflect the changed accounting treatment of part of the group's *overseas* interests, with a consequent reduction in minority interests, and the worldwide recession in the metal *reclamation* industry, and disposals made during the year.

Profit for the half-year was *down from £5.16m* to £3.61m and the directors said that second half results should be similar to the first, and that a resumption of growth was expected in 1978. They now say that *profits for the* opening months of the current year are ahead

Earnings per 25p share are unchanged at 5.2p and the dividend is reduced from 3.25p to 2p, as forecast, with a final of 1.2p (2p) net.

Results include attributable *foreign exchange* losses of £146,000 (profit £2,890,000). these were incurred in the second half which was also affected by losses of £455,000 arising on the cessation of part of *the group's house*building operations and the disposal of associated land for £1.25m, receivable in the current year.

There were extraordinary debits of £0.69m (£0.66m) which relate mainly to the disposal of subsidiaries.

The group is involved in construction, building products and construction services, metal reclamation, steel stockholding and fabrication.

	1977 £000	1976 £000
Turnover	163,900	227,212
Pre-tax profit	6,371	9,585
Tax	2,647	3,909
Minority interests	700	2,697
Pre-acquisition profits	—	33
Attributable	3,024	3,012
Extraordinary debits	692	658
Dividends	1,206	1,911
Retained	1,126	441

• comment

London and Northern's share price has remained fairly listless for sometime now, having settled down around 27p after the trauma of the half way dividend cut. And there are no surprises in the latest figures, which are in line with interim projections. The profit slide at United Scrap seems to have been halted in the past six months, although profits for the year from scrap metal activities have been halved to around *£1.15m. Otherwise the trouble*some Bardolin housebuilding company is said to be breaking even.

Meanwhile, the balance sheet will show net current assets improved from £8.3m to £11m but net borrowings of around £21m have increased by £2m. They represent 137 per cent of the group's stockmarket capitalisation, and at present levels the shares stand on a p/e of around 5 and yield 11.7 per cent.

FIDELITY RADIO

The directors of **Fidelity Radio** were advised at the time they issued their preliminary statement on May 16 that the appropriate rate of ACT to apply to the dividend was 33/67, *in view of the* proposed amendment to the 1978 finance Bill.

Subsequently their auditors, after consultation with the Treasury, have informed them that the rate of ACT payable by companies remains 34/66. The effect of using the latter rate is to reduce *the recommended* final dividend from 3.892p to 3.834p net per 10p share, making the total 5.127p.

Over £1m by British Syphon

WITH A decline in second-half profit from £504,404 to £421,743, **British Syphon Industries** ended 1977 at £1,037,851 pre-tax, com*pared with the previous* year's £953,551. Turnover increased from £13.95m to £17.07m.

Profit was struck after interest of £301,892 (£306,582), but before tax of £202,819 (£152,874) adjusted for ED 19, and £118,185 (£35,025) extraordinary debits.

Stated earnings are down from an adjusted 13.6p to 13.45p per 20p share. As *indicated at the* time of the September rights issue, Treasury permission has been granted for a final dividend of 2p net, making a total of 3p (1.3943p) on increased capital.

Mr. J. Eardley, the chairman, says there was a slowing down in the call-off of scheduled requirements for cooling equipment by brewery customers. The slackness in demand has continued into 1978 and it will dampen performance in the first *half of the 1978 year*.

The *proceeds* from the rights issue have been used to finance this build up in stocks, as the Board feels its major customers will take their *requirements* later in the year.

Trading at present is better than in the latter half of last year but the directors do not expect the interim result will equal or better last year's strong figure. However, they are confident that in the second half the position will be reversed and are hopeful of an improved overall result for the year.

Portsm'th & Sunderland

A SECOND-HALF pre-tax profit of £1.2m compared with £0.72m lifted the April 1, 1978 year's figure for **Portsmouth and Sunderland Newspapers** up from £1.36m to a record £1.93m on turnover ahead from £10.31m to £12.41m.

Earnings per 25p share are shown as 10.7p (8.2p) and the dividend is increased from 2.8361p to 3.1351p with a final payment of 2.2466p net.

Tax for the year took £1.05m (£0.69m) leaving a net profit of £0.87m (£0.67m).

Hectic start by Eurotherm

BY TERRY GARRETT

FIRST DAY dealings in electronics group. **Eurotherm International**, the new issue which was oversubscribed 85 times, got off to a hectic start yesterday. Estimates of the level of business varied widely but it looks as if as much *as half of the 2.85m shares sold to* the public could have passed through the market yesterday.

Prior to the opening of the Stock Exchange's trading floor yesterday morning there was a much larger than usual queue of dealers waiting for the official start to the day's trading. Immediately the "*floor*" was opened there was a rush of brokers to the dealing pitches of the jobbers, Wedd Durlacher and Pinchin Denny.

The shares opened around 146p —*a premium of 46p over the offer* price and despite a very large turnover they held fairly steady throughout the day to close at 146½p, with extremes during trad*ing of 150p and 143p*.

Such was the bustle around the dealers that the chairman of the Stock Exchange, Mr. Nicholas Goodison, came down onto the *floor to see the scene*.

Last week a quarter of Eurotherm's capital was offered to the public by way of an offer for sale at 100p per share. At this level the company was coming to the market on a prospective *p/e of 9½* and yield of 5.3 per cent.

The offer was of 2.85m. ordinary 10p shares raising £2.8m for existing shareholders who were selling part of their holdings. When the application list opened on Thursday morning the offer met with a tremendous response with a total of over 30,000 applicants putting up £245m. of money for the issue.

Though there will continue to be plenty of trading during the next few days dealers were saying last night that the activity would be much quieter to-day.

At the closing price of 146½p the whole company is valued at about £16.6m.

On the basis of the *profits forecast* of £2½m. for this year Eurotherm stands on a prospective p/e of 14 and yield of 5.6 per cent.

ALCAN (UK) LISTING

Sufficient holders of the Alcan Aluminium (UK) convertible loan stock have applied for conversion to enable the company to apply for a share listing.

The Stock Exchange required a minimum of only 5 per cent of the equity to be in the hands of the British public before granting a listing. This figure has already been passed by several percentage points and the last day for lodg*ing applications is not until next* Wednesday.

If the listing is granted, Alcan will be the one major UK Aluminium company in which investors can take a substantial direct stake. If all convertible stockholders convert, 20 per cent of the company will be in British hands.

B. Paradise returns to profit

A return to profitability in the second half of the year to January 31, 1978 meant that **B. Paradise**, the clothing group, finished with a pre-tax profit of £10,265 against a £73,338 loss. However, no dividend is to be paid compared with a 1.05p interim for all the previous year.

At the midway stage, when announcing a deficit of £30,000 (£21,000 profit), the directors said results had been affected by problems arising from very sharp increases in raw material costs, but necessary action had been taken, *which it was anticipated* would lead to a return to profit in the second six months.

Turnover for the year was slightly lower at £3.74m. (£3.92m.) reflecting a reduction in activities which are not sufficiently profitable. The company continued to expand exports—total non-UK sales amounted to 40 per cent. of turnover.

Orders in hand are satisfactory, but a note of caution must be sounded in view of the uncertainty in the general economic situation and the continuing rise in costs, say the directors.

Some major customers have been delaying placing orders in the light of current circumstances

After tax credits of £12,500 (£48,814), net profit was £22,765 (£26,524 loss), representing earnings of 1.8p per 10p share, compared with a loss of 2.1p.

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M & S sales 20% ahead

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

CASH SALES at Marks and Spencer are running 20 per cent up on last year. Sir Marcus Sieff, the company's chairman said yesterday introducing the report and accounts for the year ended March 31, 1978. Food sales, he said, were particularly strong and the company had not been affected by the price war which has reduced most other food retailers' margins.

Sir Marcus, who, in his chairman's statement criticised the inability of the British textile industry to produce some of the high-quality woven fabrics which the company needed, said that the year had started "rather well" and that the signs were encouraging.

Food sales, which now account for around a third of the company's total turnover, were now running about 10 per cent up on the same period last year in terms of volume and were more buoyant than they had been for a long time. Non-food sales were showing a rather smaller volume increase of around 4 per cent but the directors said this figure concealed the fact that, with more money in their pockets, customers were trading up and buying better quality products.

The company, which is currently carrying out a review of all its internal systems and administrative procedures, is to spend £200m on investment in this country over the next four years. This will result in about 450,000 square feet of new selling space, much of it as additions to new stores. In real terms, this expenditure will not constitute much of an increase on the last few years.

Yesterday, Sir Marcus stressed the importance of the British market to the company. It was a total misunderstanding, he said, to say that the company had to look overseas for growth. There was still plenty of room for expansion in Britain. As well as expanding stores physically, the company intended increasing the range of merchandise it sells. Sir Marcus admitted, however, that some of the new products, like paint, which the company had tested over the last few years have not been entirely successful and were now being withdrawn.

The company's European business was, he claimed "making excellent progress." Despite the continued problems in Lyons, the French operation was now making a profit. There were still problems in Canada but the outlook was more encouraging than it had been and Sir Marcus said that he was confident it would eventually make a profit.

The company's export business, which doubled in two years, now looks like growing more slowly, Sir Marcus said. This was partly because of the action taken by various customers to restrict imports. Nigeria, the company's biggest export customers, recently introduced measures which meant that Marks would no longer be able to sell many of those goods which it had previously exported there. As a result, it had to revise its projections of sales to Nigeria for this year from £8m to nearer £2m.

Without actually referring to the Prime Minister's recently launched Buy British campaign, Sir Marcus said that there were certain kinds of woven textiles which it was very difficult to buy in Britain. As a result, the company and its suppliers were "compelled to buy a substantial quantity of high quality woven fabrics from high wage, technically advanced producers, mainly in Western Europe, North America and Israel." Much of this, Sir Marcus said "could, and should be, within the capacity of British firms to produce."

MEPC confident after £4.4m at half time

HELPED BY rental increases from reversions and good progress made in letting vacant premises both at home and overseas since last December MEPC, property investment developer and dealer, maintained its recovery to the levels of taxable earnings seen before 1975, with an advance from £3.97m to £4.4m in the half year to March 31, 1978.

Sir Gerald Thorley, the chairman, expects earnings for the second half to be at least as high as for the first six months but points out that no meaningful comparison can be made with the performance of 1976-77 when profit reached £8.97m, due to the inclusion then of results of the Canadian subsidiary which was sold on September 30, 1977.

The cost of finance for the half-year was £5.6m lower at £12.33m and outgoings on properties and other charges were reduced to £8.42m, against £12.51m.

To date the £12m from the sale of the Canadian company, MEPC Canadian Properties, has been used to repay overseas debts previously unmatched by assets. At half-time, the group's liquid position remained strong with cash deposits of £33m, Sir Gerald states.

The directors have started to take advantage of new investment and development opportunities. In the U.S., they have enlarged the group's interests through the purchase of a shopping centre in Las Vegas in association with an institutional partner. In the UK the company has been awarded a small shopping scheme by the Cwmbran Development Corporation and has commenced the refurbishment of Chantrey House, which will complete its major development programme in Buckingham Palace Road, London.

	Half year 1977-78 £000	1976-77 £000
Gross rental income	30,680	27,225
Other income	5,260	2,866
Property outgoings*	8,415	12,512
Finance cost	12,329	17,958
Transfer†	1,239	4,214
Share of assocs.	55	5
Pre-tax profit	4,401	3,976
Tax	2,025	2,695
Net profit	2,376	1,275
To minorities	54	246
Pref. dividend	34	14
Appropriation‡	—	620
Attributable	2,288	365

* Including other charges † Transfer of an amount equal to interest and other outgoings to development properties ‡ For depreciation on overseas properties.

With tax lower at £2.03m (£2.69m), a minority profit of £54,000 against £246,000, and no depreciation on overseas properties compared with £630,000 last time, earnings per 25p share jumped from 0.34p to 2.14p. The net interim dividend is 1.5p compared with a single payment of 1.7p for 1976-77.

No depreciation has been provided in respect of freehold properties. In the year to September 30, 1977 it was the policy to charge depreciation on freehold properties in North America. Continuation of this policy would have resulted in a charge of £165,000 for the half-year, the directors say.

● comment

MEPC's interim results are at the top end of market targets, and the group is talking optimistically about the development of its letting programme. A third of what was empty in the UK last September has now been let, with Birmingham being the stickiest area, and the response to initial marketing of the Sydney Exchange Centre is apparently encouraging. Earnings this year could reach, say 4½p per share, leaving room for a dividend of 3½p or a bit more. With rising income on the ordinary, conversion of the big outstanding loan could start to look sensible in the foreseeable future. The prospective yield is about 4½ per cent, and the shares look sensibly valued at 127p.

BHS to overhaul food side

A MAJOR overhaul of its food operations is to be carried out by British Home Stores. The company, which has already announced that it intends closing 19 of its 80 food departments at expense of 800 jobs, says in its annual report that it is to widen the range of foods it carries and increase the amount it sells by self-service.

In marked contrast to Marks and Spencer, which yesterday said that its food sales had been very buoyant last year and that it had not been affected by the grocery price war, BHS has had a difficult time with food. So, like Woolworths, it has decided that changes are necessary.

Traditionally, BHS's policy has been to offer a limited range of high quality products with personal customer service. The company has a very good reputation for fresh foods and until recently food sales have grown each year.

But in the last year, profits have come under increasing pressure, partly because of higher wage costs and partly because of the general pressure on food retailing margins stemming from the current price war among supermarkets.

Now the company has decided to change its approach and reduce the element of personal service involved in the food departments. Sir Jack Callard, the chairman, says in his annual statement that it is the company's intention to widen the range of food products sold so that the housewife will be able to buy a larger proportion of her weekly requirements from BHS by the addition of a range of pre-packed convenience foods. At the same time, many of the existing lines which are currently sold loose over the counter, will be put into packs so enabling the customer to serve herself.

Personal service will, however, be retained on the cheese and bacon counters, though even here the housewife will have the option of buying pre-packed goods if she wanted to.

Sir Jack says that it would be impractical to develop the food departments along these lines in some of the company's smaller stores. For this reason, 19 food sections are to be closed. Last year, these food departments accounted for 13 per cent of BHS's food sales but while the directors say they expect an initial drop in sales from the closures, they are hopeful that food sales in the remaining stores will increase.

Meanwhile, Sir Jack says that the company is continuing to expand into new areas of merchandise. One of the most successful developments has been the creation of a sportswear section which is now being introduced to all the company's stores. Like Marks and Spencer, which also published its report and accounts yesterday, BHS says that customers are beginning to trade up to better quality merchandise.

So far this year, non-food sales have continued to improve, Sir Jack says, while food sales have been slightly better.

The group has also formed a BHS (Leasing) to enter the field of equipment leasing.

A property revaluation was carried out in the year and the total net valuation was £85.8m against a book value of £58.6m. The revaluation has not been included in accounts.

A current cost statement shows the historical pre-tax profit of £27m (£25.5m) reduced to £22.3m (£20.62m) by additional depreciation based on the revaluation of £3m (£2.65m), a £3.39m (£3.85m) cost of sales adjustment and a £1.66m (£1.62m) gearing adjustment.

Pritchard Services ahead £0.5m. to peak £2m

ON TURNOVER of £45.39m against £43.59m previously, taxable profit of Pritchard Services Group lifted from £1.67m to a record £2.18m in the January 1, 1978, year.

At half way profit was £199,000 higher at £972,000 and profits comfortably in excess of £2m were forecast.

The result is after interest of £507,000 (£546,000) and subject to tax of £772,000 (£885,000). After an extraordinary debit of £75,000 (£15,000 credit) and minority interests, attributable profit was £1.24m (£0.79m). ED 19 has been applied.

Earnings per 5p share are shown at 6.12p, against 3.6p, and a final dividend of 0.9065p lifts the total from 1.34395p to 1.4858p net.

Six months progress for Jas. Dennis

After an exchange loss of £22,000 against a £9,500 surplus, taxable profit of James H. Dennis and Co., the engineering concern, improved from £194,200 to £212,100 for the half-year to February 28, 1978. Turnover was unchanged at £2.83m.

Mr. J. J. Mundell, the chairman, reports that as expected, the UK operating companies made a slow start, but a useful contribution from La Cornubia, enabled the group to maintain its progress.

The modernisation programme for its UK companies is proceeding and although the work is inevitably causing some disruption to production, the adverse effect on results has been kept to an acceptable level, he adds.

Stated half-year earnings are 4.64p (3.87p) per 10p share and the interim dividend is lifted from 1.2645p to 1.41225p net, costing £35,282 (£31,592)—last year's final was 1.56p and pre-tax profit £301,845.

	Half year 1977-78 £	1976-77 £
Turnover	2,836,300	2,822,500
Operating profit	234,100	184,700
Exchange loss	22,000	†9,500
Profit before tax	212,100	194,200
UK tax	9,900	82,500
French tax	84,100	12,900
Net profit	115,100	96,800
To minorities	115	50
Pref dividend	1,929	1,929
Attributable Ord.	116,056	96,521

† Surplus

Keyser Ullmann turnround aided by property sales

FOLLOWING A £3.67m turnround on the operating side to a £0.86m profit and the release of £3.5m from provisions, there was a £4.36m pre-tax profit at Keyser Ullmann Holdings for the March 31, 1978, year compared with a £3.3m loss previously.

In 1976-77 there was a £6m provision for bad and doubtful debts, etc., a £0.5m exchange loss, and a £4m finance cost provision was used.

Mr. Derek Wilde, the chairman, says £30m cash was received on the sale of property in the year, and this process of converting low-yielding assets into money which can be employed at a full rate of return in its London banking business accounts for a large part of the improvement.

The lower level of interest rates and the consequential reduction in the cost of carrying its unrealised property portfolio also had its effect.

The £0.84m operating profit in the second half of the year exceeded the expectations of directors and reflects the help received from exchange rate and interest movements. In the absence of these special factors Keyser will do well to achieve similar results in the first half of the current year, he says. But the improved position of the group will allow it to take advantage of opportunities previously denied it.

Deposits are being placed with the company more readily and although it continues to have stand-by facilities with the clearing banks it has not made use of them since the middle of last year, "and we have a comfortably liquid balance sheet."

During the year its Swiss bank, Keyser Ullmann en Suisse, again improved results, and the figures look even better in sterling terms following the 20 per cent fall in the value of the pound against the Swiss franc between March in 1977 and 1978.

Housebuilding activities through the Dennington companies were virtually brought to an end and the losses previously suffered have been eliminated.

Southern and Redfern, the remaining investment of the Westforth Group, produced record profits of £206,000 in the year.

Property sales at prices above the written down book value reached the directors' target, with a resulting improvement in asset values shown by the £3.5m increase in shareholders funds to £35m.

In the current year property sales of some £20m are expected.

Elsewhere, however, the demand for borrowing remains sluggish and the group has been unable to wholly replace with good lending the advances repaid following the sale of property held as security.

At year end, advances and debtors were down from £141.83m to £129.41m, while current, deposit and other accounts rose from £173.74m to £177.05m.

Cash in hand, balances at banks and at call and short notice totalled £21.50m against £32.77m and short-term deposits with banks and local authorities were £32.2m compared with £7.8m a year ago.

The result for the year is subject to tax of £0.51m (£0.29m.). Turnover, excluding banking and life assurance activities, was £6.39m (£7.93m).

Earnings per share are shown at 7.5p (10.9p loss), and the dividend is up from 0.325p to 0.67p net per 25p share.

Mr. Wilde says he hopes that the legal proceedings taken against the company in respect of the December 1972 purchase of shares in Cannon Assurance will soon be settled. Terms of settlement have been agreed, subject to approval of the courts in Canada and the Bahamas. The effect will be to confirm its title to and increase its holding in Cannon from 37 per cent to 66 per cent of capital, at a total cost of some £2.5m.

In the year its subsidiary Hocroft Trust achieved turnover of £3.81m (£2.83m) for a loss on non-banking interests of £21,000 (£280,000).

Its share of profits of an associate banking company was £351,000 compared with an £809,000 loss and its share of provisions no longer required was £1.37m (£0.98m provision). With a tax credit of £72,000 (£1,000) and an extraordinary credit of £30,000 (£103,000 debit) the result emerged as a £1.8m profit compared with a £2.17m loss.

Margaret Reid writes: Mr. Wilde said yesterday of the group's liquid position and the small decline in its advances over the past year: "Our purpose is to build up our lending to British industry and commerce. We were in the past so almost wholly committed to property. We're doing no more of that and we are now aiming to be a bank oriented towards the finance of British industry." He added, however, that in the present competitive climate it would take time to expand such lending in appropriate ways.

The group, which required some £65m of loans from the big banks' lifeboat in the secondary banking crisis in 1974-75, but which dispensed with such help altogether two years ago when it fixed up a standby facility of some £35m from several large banks, has not used even this standby for a good many months past. The standby facility still exists, as Mr. Wilde made clear in his statement, though it is believed that it has now been reduced to a smaller total in the region of £20m-£25m.

Indonesian boost for Ultramar

LARGELY DUE to its Indonesian operations, Ultramar Company lifted taxable profit from £3.92m to £9.64m, in the first three months of 1978 and Mr. Campbell Nelson, the chairman, expects the group to do considerably better at full time than last year despite an anticipated continuance of adverse results in Quebec. For 1977, profit was more than doubled from £12.32m to £24.71m.

California refining and marketing and the UK marketing also produced excellent results in the first quarter while the Newfoundland, Ontario, Western Canada and Caribbean activities made a modest contribution to profit. There was, however, no profit from the Quebec refinery and marketing operation because of persisting adverse market conditions but the refinery functioned well with average daily output of oil up 10,000 to 78,000 barrels a day.

The group's financial position, which has benefited from recent good operating results, has been further strengthened by a U.S.$75m loan raised by the Indonesian subsidiary and secured on the cash flow from Indonesia without other collateral or guarantee by Ultramar. As a result the U.S.$25m loan raised in March, 1976, which carried a number of restrictive provisions as regards trading operations and dividend payments, has been paid off, together with loan stock issued in 1960.

Mr. Nelson says the company is left with a substantial addition to its working funds for operations outside Indonesia including the UK North Sea, where, as known, it has formed a new exploration group involving PanCanadian Petroleum and Houston Oil and Minerals Corporation.

Including £25.75m from the Indonesian loan total cash flow for the first quarter jumped from £5.97m to £34.09m and working capital from £5.13m to £37.14m.

Long-term loans at March 31 amounted to £81.77m (£66.65m).

Sales for the first three months reached £134.3m (£104.9m) and there was an increased net exchange loss of £1.86m, compared with £602,000 last time. Earnings per 25p share emerged at 11.3p (4.8p) basic or 10.2p (4.5p) fully diluted.

Had the exchange rates prevailing at the close of business on May 19 been adopted first-quarter net earnings would have been about £1.4m higher, the chairman adds.

	First quarter 1978 £000	1977 £000
Sales	134,330	104,912
Trading profit	12,792	5,728
Charges*	3,149	1,806
Pre-tax profit	9,643	3,922
Current tax	3,131	1,0?8
Deferred tax	1,719	783
Net profit	4,793	2,121
Exchange loss	1,861	602
Pref. dividend	285	266
ACT written off	116	—
Attributable	2,331	1,253

* Comprises amortisation, depreciation, depletion and amounts written off.

● comment

Ultramar's first quarter lives up to market expectations of a considerably better growth in both cash flow and operating profits in 1978. Analysts have forecast post-tax profits around £20m and the result is consistent with these hopes. The growth comes from the Indonesian operations, and the group's entitlement to the income generated is being adjusted to reflect an equal annual charge for debt service over a 12-year period, rather than the irregular repayment schedule established for the loans.

The Californian and UK marketing operations are producing good results. But the problem is the Quebec refinery where low prices for residual fuel oil are causing losses. The position for the rest of 1978 does not look too happy but in the longer term a decision to go ahead with construction of a cracker could improve the Quebec profit picture. The market reacted to the result by pushing the shares up to 289p but they slipped back to close at 284p—a gain of 4p. The p/e ratio, assuming net profit of £20m, is 5.5.

Today's company meetings

Associated Portland Cement, Dorchester Hotel, W., 12. Aurora, Sheffield, 12.30. Baird (William), Glasgow, 12. Beauford, Huddersfield, 12. Bellair Cosmetics, Winsford, Cheshire, 11. Bentalls, Kingston upon Thames, 12. Cadbury Schweppes, Connaught Rooms, W.C., 12. Carpets Intnl., 14-15, Berners Street, W., 12. Fogarty (B.), Boston, Lincs., 2.15. Freemans (London S.W.9), Connaught Rooms, W.C., 12. Grattan Warehouses, Bradford, 12. Harris and Sheldon, Warwicks., 3. Hoskins and Horton, Birmingham, 12.30. London Brick, Connaught Rooms, W.C., 12. Low and Bonar, Dundee, 12. Magnolia, Rochford, Essex, 12. Marshall (Thomas) and Co. (Loxley), Sheffield, 12. Newarthill, Imperial Hotel, W.C., 12.30. Ofrex, Stephen Street, W., 11. Phoenix Assurance, 4-5, King William Street, E.C., 12. Prudential Assurance, 142, Holborn Bars, E.C., 12.15. Quick (H. and J.), Manchester, 11. Reckit and Colman, Connaught Rooms, W.C., 11. Revertex Chemicals, Harlow, Essex, 12. Sharpe and Fisher, Cheltenham, 12. Smith (W. H.), 76, Shoe Lane, E.C., 2.30. Taylor Pallister, Newcastle upon Tyne, 11. Tern-Consulate, Lawrence Road, Tottenham, N., 12. Whittington Engineering, Chesterfield, 12. Willis Faber, Ten Trinity Square, E.C., 11. Wilson (Connolly), Northampton, 12. Wood (Arthur), Stoke on Trent, 12.

Fire and flood claims hit Sun Alliance

FOR Sun Alliance and London Insurance Group the year has started with a substantial underwriting loss on the home account stated Lord Aldington. These arose from heavier than usual claims arising from floods and severe weather with, in addition, more and larger than usual fire claims in January which must be attributed to the firemen's strike. The number of motor claims had also increased probably because of the bad weather.

He pointed out that it was inherent in an insurance business that from time to time heavy claims will be made upon underwriters as a consequence of extraordinary conditions.

Mr. F. L. Garner, chairman of Pearl Assurance reported that business in the industrial branch was now running satisfactorily following last year's protracted industrial action by agents. There had not been any excessive lapsing or surrending of policies as had been feared.

Although new business started slowly this year because of the need to concentrate on clearing up after the action had ended, business had picked up and new premiums for the year were slightly above this for last year over the corresponding period, he said.

In the ordinary branch, new business figures were very good indeed, with new annual premiums 60 per cent higher—more than three times the rate of expansion for the industry as a whole. Unit-linked business was also enjoying success.

He warned that it was doubtful whether the general branch would contribute positively to profits this year, because of the adverse claims experienced so far.

MONEY + EXCHANGES

Calmer conditions

Bank of England Minimum Lending Rate 9 per cent
(since May 12, 1978)

The London money market has all the appearance of an old sailing ship preparing to wait out an impending storm. Just as the ship would shorten sail as conditions worsened, so the discount houses have shortened the length of their books in anticipation of higher interest rates and a possible monetary package from the authorities.

The most nervous day was Monday, however, and as the week progresses the prospect of a sharp rise in Bank of England Minimum Lending Rate appears to diminish. There was a reasonable degree of confidence yesterday that MLR will remain at 9 per cent this week, and discount houses buying rates for three-month Treasury bills were slightly easier. Rates still point towards a possible rise in MLR, but this is mainly an indication of the defensive attitude adopted by the houses, which is unlikely to change while fears about monetary policy dominate sentiment.

Day-to-day credit was expected to be in short supply yesterday, but probably finished in surplus. There was no intervention from the authorities.

Banks brought forward surplus balances, and the market was also helped by substantial net maturities of Treasury bills.

On the other hand revenue payments to the Exchequer exceeded Government disbursements, although this factor was not as large as first expected. the authorities held maturing local authority bills, and settlement was made of gilt-edged stock purchased from the authorities on Tuesday.

Discount houses paid up to 8¼ per cent for secured call loans, but closing balances were found at 3-5 per cent in places. In the interbank market overnight loans opened at 8½-8¾ per cent, and remained fairly firm at 7⅞-8¼ until the early afternoon, but fell to around 2 per cent at the close.

May 24 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	2-8¾	—	—	—	8	3-8½	—	—	—
2 days notice	—	—	8½-8⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	8¼-9	8⅝-8⅞	—	8⅝-9	—	—	—	—	—
One month	9-8⅞	9-9⅛	8⅞-9⅛	9¼-9	9⅛-9⅝	8⅞	7¾-8⅛	—	—	—
Two months	9½-9¼	9⅛-9¼	—	9¼-9	9¾-10	9½	8¼	8-8⅛	8⅝	9⅝
Three months	9⅞-9⅞	9⅜-10⅛	9½	9¼-9	9⅞-10⅛	—	8½	8¼	9⅛	9⅝
Six months	10-9¾	10-10⅛	9¾-10	9¼-8⅞	10⅛-10⅜	—	8⅝	8⅜	9¼	9¾
Nine months	10⅛-9⅞	10⅛-10⅜	—	10-9½	10½	—	—	—	9⅜	10⅛
One year	10⅛-9⅞	10⅛-10½	10-10¼	10-9½	10⅝	—	—	—	—	—
Two years	—	—	10⅞-11	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¼-11¾ per cent; four years 12-12¼ per cent; five years 12¼-12½ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9 7/16-9 9/16 per cent; four-month trade bills 10 per cent.

Approximate selling rates for one-month Treasury bills 8½-8 17/32 per cent; two-month 8 9/16 per cent; and three-month 8 7/16-8 11/16 per cent. Approximate selling rate for one-month bank bills 8¾-8 9/16 per cent; and two-month 8 13/16 per cent; and three-month 9 5/16-9¼ per cent. One-month trade bills 9¼ per cent; two-month 9½ per cent; and also three-month 9¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7½ per cent from May 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 6 per cent. **Clearing Banks Base Rates for lending 9 per cent. Treasury Bills: Average tender rates of discount 8.4524.**

Eastern Produce up £4.6m to £7.2m

FOLLOWING A jump at halfway from £0.67m to £4.08m Eastern Produce (Holdings) finished 1977 with taxable profits well ahead from £2.58m to a record £7.18m, on turnover up from £14.75m to £18.24m.

Profit included a conversion of overseas net current assets gain of £62,000, compared with losses of £137,000 last time, and associates contribution more than doubled from £1.57m to £3.25.

The group returned to dividends for 1977 with a 1.32p interim, and the directors now propose a 3.08p net per 50p share final, as forecast. The previous dividend totalled 4.56p for 1973. Basic earnings are 37.3p (12.7p) and 33.4p (12.2p), fully diluted. Net asset value per share is given as 123p (77p).

There was an extraordinary debit for 1977 of £386,000, compared with a credit of £558,000 last time.

The group produces tea, rubber, copra and cocoa on its plantations and holds investments related to its commodity and trading interests.

	1977 £000	1976 £000
Turnover	18,240	14,749
Profit and invest. revenue	3,851	1,147
Conversion gains*	62	†137
Associated companies	3,248	1,566
Profit before tax	7,161	2,576
Tax‡	3,669	1,401
Net profit	3,492	1,175
Extraordinary debits	386	§558
Making	3,106	1,733
Interim dividend	125	—
Proposed final	288	—
Unappropriated	2,693	1,733

* Of overseas net current assets. † Losses. ‡ Including overseas £3.02m (1.32m). § Credits.

● **comment**

The boom in tea prices last year explains Eastern Produce's profits explosion. Its share of associates profits, which largely reflect its tea interests in Kenya and Malawi, has risen from £1.6m in 1976 to £3.2m last year. The tea boom has had an impact on another aspect of its business—as secretaries and agents of plantation companies. Coupled with an upturn in its import and export business and international merchanting, the largely UK trading and agency division has produced a satisfactory profit against a small loss in 1976. The resultant positive cash flow has in turn enabled Eastern to reduce its borrowings significantly—from £3.9m to £1.5m at end-1977. With tea prices at stable levels since end-1977 Eastern is looking for a satisfactory growth rate this year, while there is some possibility of diversification in the UK now that borrowings have been reduced. The shares at 109p yesterday yield 6.2 per cent on a p/e of 3.2.

ATLANTA TRUST REPAYS $ LOAN

Atlanta, Baltimore and Chicago Regional Investment Trust on May 23 repaid a loan of $1.25m from the proceeds of the dollar certificate of deposit which matured on that day. The company's total multicurrency loan facility has been renegotiated in a reduced amount of $2.25m for a period of five years to May, 1983.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Associated Engineering, Bass Charrington, Caravans International, Fluidrive Engineering, Comme. Bomfray, ICL, Jenks and Cattell, Keystone Investments, Morland, Proprietors of Hay's Wharf, Scottish Investment Trust, Spencer Clark Metal Industries.

Finals—Ash Spinning, Ayrshire Metal Products, Beecham, Courtaulds, Exchange Telegraph, International Paint, Karser Bondor, Lamont, Minster Assets, New Throgmorton Trust, Polymark, William Press, Francis Sumner, Toray Industries Incorporated.

FUTURE DATES

Interims—	
Archimedes Investment Trust	June 6
Guinness (Arthur)	June 16
Northern Foods	May 30
Tollemache and Cobbold Brews.	May 30
Finals—	
Allida Packaging	June 1
Billam (J.)	May 26
Carless Capel and Leonard	June 6
Chapman (Balham)	June 1
Dunhill (Alfred)	May 31
Duraplpe International	June 21
Land Securities Investment Tst.	†June 6
M and G Second Dual Trust	May 31
Parkland Textile	June 8
Reed (William)	June 5
Sangers	June 1
Warnford Investments	May 30

† Amended

Ley's reaches £1m at halftime

PRE-TAX profits of Ley's Foundries and Engineering recovered slightly at the half year stage from a depressed £0.81m to £1m on turnover of £20.82m against £17.36m.

But the directors state that while normal full time working was maintained in the malleable iron and grey iron foundries during the 1977-78 half-year, weak demand, particularly from the tractor industry resulted in severe pressure on domestic profit margins and in addition the profitability of export sales declined, the directors explain.

Figures for the first half of the 1976-77 year were adversely affected by short time working in these foundries.

Due to the low level of demand for heavy steel castings the output of the steel foundry continued to decline and a loss was recorded, but they add that the engineering company achieved a higher level of sales and profit.

Profit for the whole of the 1976-1977 year was down from a peak of £3.1m to £1.68m and the directors then said that the group's profit margin would depend on an improvement in demand for its products.

Results for the second half will depend to a substantial extent on whether there is a recovery in demand for castings in the final quarter. So far, during the third quarter, sales have continued at the previous depressed level, they say.

The interim dividend payment is maintained at 1.05p net per 25p share absorbing £108,761 (same)—last year's final was 3.25p.

	Half year 1977-78 £000	1976-77 £000
Turnover	20,824	17,364
Profit before tax	1,001	812
Tax	521	422
Net profit	480	390
Preference divs.	31	31
Attributable	449	359

Glossop £100,000 higher

A RISE of £82,000 in second-half earnings has taken pre-tax profit of W and J Glossop up from £733,796 to a peak £830,915 in the January 31, 1978, year. At half-time profit was £15,000 higher at £395,000.

Turnover of the public works contractor lifted from £9.54m. to £11.68m., and directors say they achieved the improvement in figures through the reorganisation of the company which began last year, the modernisation of plant and equipment and the centralising of certain operations. All these combined to reduce overheads and increase efficiency.

Results were achieved against a background of trading conditions which did not improve during the year and a reduction in Government road maintenance funds.

Also, competition was sharper and margins tighter for the work that was available. Poor weather did little to help.

After tax of £366,445 (£232,995) net profit was £464,470 (£409,801) and earnings per share are given at 10p (9.3p).

A final dividend of 2.339p net per 25p share takes the total to 3.762p (3.469p).

Avon Rubber hit by competition

ON TURNOVER up by £2.65m. to £56.97m. pre-tax profits of Avon Rubber for the half year to April 1, 1978 slipped from £2.5m. to £2.38m. due mainly to extreme competitive conditions resulting from a world wide excess of tyre manufacturing capacity.

For the remaining part of the year, the directors say that while there is as yet no evidence of any improvement in market conditions, which will benefit the group's tyre business, the outlook for its other activities is encouraging. However, they add that it seems unlikely that the full year result will equal last years record £5.42m.

Earnings per £1 share are shown to be down from 31.1p to 29.4p for the half year and the interim dividend is maintained at 4p net, costing £265,500—last years final was 5.27p.

The group's tyre related businesses were affected adversely, particularly in the second quarter. With the exception of the remoulding business, Avon Rubber (Bridgend), which has now been closed, they continue to trade profitably but at reduced margins.

The increased volume of low-priced imported tyres during this period, especially from East European countries, added to the market problems, the directors state.

Progress was maintained by Avon Industrial Polymers, they add. The modernised factory space at Melksham together with the new factory at Trowbridge, in Wiltshire, for automotive and domestic appliance hose, are now in use and production commenced in the new factory at Hendy for inflatables. These investments have not only increased capacity but will also bring additional factory efficiency, say the directors.

	Half year 1977-78 £000	1976-77 £000
Turnover	56,971	54,324
Trading profit	3,510	3,597
Share of assocs.	99	*38
Depreciation	1,233	1,064
Profit before tax	2,376	2,497
Tax	359	†362
Net profit	2,087	2,135
Minority interests	47	61
Attributable	1,960	2,074

* Losses. † ED19 adjusted.

● **comment**

Taxable profits at Avon Rubber have slipped 5 per cent in the first six months after last year's achievement of more than doubled earnings. Admittedly, the interim figure compares with a period of very substantial recovery but Avon 's clearly having difficulties with its tyre related division. A price increase of around 6 per cent planned for February has been deferred until next month due to the impact of cheap imports from East Germany. Added to the increasing overcapacity brought about by longer lasting radial tyres, this has put pressure on margins although the company hopes for some improvement in the second half.

The same factors also took their toll on the retail motorway side and tyre-related products are unlikely to contribute more than 30 per cent to full-year group profits, against about 35 per cent last time. Meanwhile industrial rubber continues to be a growth division but overall the company does not expect to equal last year's £5.4m. The shares fell 20p to 188p yesterday where without provision for deferred tax they stand on a prospective p/e of just under 3 and yield 8.4 per cent given the maximum permitted dividend of 10 per cent.

Allied Leather expands

FOLLOWING A rise from £844,988 to £910,238 in second half profit, Allied Leather Industries finished 1977 with a record £1,246,814 pre-tax, compared with £896,357 last time. Turnover advanced from £13.96m to £16.67m.

After tax of £674,320 (£483,687) and extraordinary credits of £175,932 (£57,456), attributable profit for the year was up from £470,126 to £748,426.

Earnings per 25p share are given as 28.36p (20.37p) and the dividend total is raised from 3.445p to 3.795p net, absorbing £75,900 (£68,900), with a final of 2.43875p.

A capitalisation on the basis of £3 of a now 9 per cent cumulative preference stock for every 10 ordinary shares held is also proposed.

Allied London ahead so far

A 9 per cent increase in pre-tax profits from £448,937 to £489,530 is reported by Allied London Properties for the December 31, 1977, six months.

And directors say that having regard to the business already completed the progress is expected to be maintained: Profit for all 1976-77 was a record £0.97m.

They say that the company has recently arranged a new 25-year debenture stock of £4.1m at 12.2 per cent, and this will be advanced in the next few weeks.

The interim dividend is maintained at 0.59583p after adjustment for the one-for-two scrip issue. An adjusted 1.25305p final was paid last year

NEWS ANALYSIS—DANA BID FOR TURNER MFG.

U.S. invasion continues

BY ANDREW TAYLOR

Dana Corporation's bid for **Turner Manufacturing**, announced on Tuesday, marks the latest incursion by American groups into the UK commercial vehicle industry.

Three of the top four commercial vehicle manufacturers in this country are U.S. owned—Ford, Chrysler and Bedford (General Motors) — while the satellite components supply industry has been increasingly dominated by American companies over the past decade.

Companies like Rockwell, Eaton, Cummins and Perkins, which is Canadian owned, are now taking a major slice of the UK commercial vehichle components market with only British Leyland and Rolls-Royce Motors as the major home-based competition.

The American companies have used their UK businesses as a spring board into Europe where the potential for expansion is far greater than in the United States.

Dana, which already has a 35 per cent stake in Turner, and also holds 69 per cent of automotive parts distributor Brown Brothers, has perhaps not been as quick to develop its European interests as *have some of its compatriate automotive companies*, but it clearly regards its bid for Turner as an important step in the right direction.

It seems likely Turner will now provide the base for Dana's ambitions in Europe, which the U.S. group spelt out at the time it gained a UK quote for its shares at the beginning of this year. It has already made some acquisitions in France and Switzerland but nothing on the scale of the Turner deal — judging on the recent level of Turner shares it could cost Dana at least £12.5m.

Dana, claims to be the largest independent proprietary manufacturer of motor components in North America with net income last year of $108m (£60m) and sales of $1.8bn (£990m) It acquired its 35 per cent. stake in Turner in 1971 for £3.5m.

Relations between the two groups have been close with Turner manufacturing Dana's Spicer range of clutches and Dana's power take-off systems. It has recently begun limited production—supported by imports—of the Spicer SST heavy duty gear boxes used by the heavy-weight end of the commercial vehicle market.

The SST is a major plank in Turner's plans for the future, with British Leyland understood to be opting to use the gearbox for its heavier range of trucks. The UK company also has a contract to supply the SST to Vauxhall.

In addition, Turner is currently planning a £5m expansion to launch a new range of gearboxes and Dana's extra financial muscle at this time will clearly be welcome.

Meanwhile it looks as though the bid itself should face few problems if, as seems likely, the Dumbell family (which is thought to control around 30 per cent of the equity) is committed to accepting Dana's bid.

Turner's sales are largely to the truck and tractor markets with the former taking around *60 per cent. of group sales, which* last year rose to £25.44m while profits increased almost 30 per cent to a record £3.4m.

But profits in the current year are unlikely to be as good. Former chairman, Mr. S. V. Lancaster, who retired in February, then warned shareholders of a *moderate reduction in profits.* There have been problems with a contract in Turkey following the currency crisis in that country, while disputes at outside suppliers and the collapse of the UK tractor market have added to the difficulties.

Dana's ambitions in Europe stretch beyond the automotive industry and it has repeatedly stated its plans to build an industrial base here. As part of this overall strategy the U.S. group this week announced that it had agreed a £1.8m deal to acquire Posidata, a Basingstoke company manufacturing computer linked control systems for machine tools.

But it is Dana's increased involvement in the UK commercial vehicle industry that create's most interest as yet another British company in this field now appears destined to fall under full control of a U.S. company.

MINING NEWS

RTZ gives notice of reduced profits

BY PAUL CHEESERIGHT

FIRST-HALF PROFITS at **Rio Tinto-Zinc** this year will be lower than those in the same period of 1977, Sir Mark Turner, the chairman, warned shareholders at the annual meeting in London yesterday. But he held out the possibility of an improvement in base metal prices later this year.

During the first six months of 1977 RTZ had net attributable profits of £42.3m, and the earnings rate was largely maintained in the second half with the total for the whole year at £82.3m.

The adverse factors hurting the group were predictable. Copper and zinc prices were very depressed in the first quarter although they have improved since.

The results for **AM and S**, the lead and zinc company, will be bad, Sir Mark stated. Those of the group's three copper mines—***Palabora, Lornex and Bougainville***—will be lower, although they were profitable in the first quarter.

Hamersley, the Western Australian iron ore producer, is having what Sir Mark called "a difficult time" as a result of the steel industry recession.

The other side of the coinc is Sir Mark's assessment that business elsewhere is in good shape and " results in Canada, the U.S. and the UK are likely to be as good or better than last year." He sees some improvement in the U.S. economy, which could hold out the possibility of higher base metal prices.

The group is protected by the diversity of its products and its geographical spread. Thus last year, the importance of copper to the annual figures diminished. It dropped to fourth place as a source of earnings and was replaced at the top by aluminium.

In fact the group's copper production will soon increase. Sir Mark said that the Woodlawn project in Australia, a joint venture with **Phelps Dodge** of the U.S., is virtually complete. Annual capacity is 10,000-13,000 tonnes of copper, 15,000-21,000 tonnes of lead and 68,000-75,000 tonnes of zinc, *all in concentrates.*

Another expansion at a similar stage is the growth of milling capacity at Rio Algom's Quirk uranium mine on the Elliot Lake property of Ontario, but mine expansion will take several more months.

Yesterday the RTZ share price *rose 5p to close at 219p.*

Beralt tempers its optimism

A SATISFACTORY year is expected by **Beralt Tin and Wolfram**, *the London company* with Portuguese mining interests, provided the market remains stable and there is no disruption at the mines, according to Mr. L. G. Stopford Sackville, the chairman.

But in his annual statement, published today, he points out *that the wolfram price has* fallen this year from $178 to $145 and supplies from the West have been increasing. At the same time he expects larger releases from the U.S. stockpile than in 1977.

In fact, there has already been disruption to production at the *Panasquieira mine with industrial* disputes in February and March. This has come at a time when costs have been increasing. Beralt awarded its employees a 10 per cent wage increase at the beginning of the year and has offered to consider another rise when it is legally permissible.

Capital expenditure this year will be £2m, as the group seeks an expansion to production, which has fallen for four successive years. Early this year the decision was taken to return to room and pillar mining and to introduce trackless equipment.

Net profit in 1977, before extra-*ordinary items*, was £2.7m compared with £1.4m in 1976. Interim dividends of 3.75p were paid and there could be a final of 4p, but that depends on exchange rate movements. The shares yesterday were 59p.

Elandsrand issue terms

Elandsrand Gold, the developing mine in South Africa controlled by **Anglo American Corporation**, is offering its shareholders the chance to buy new shares at a price of R3.05 (194p) in the proportion of 50 new shares for every 100 already held.

The issue price compares with a London price yesterday of 195p. The offer will be open from June 2 to June 23.

It is intended to raise a total of R77m (£48.5m) to cover the *capital costs of bringing the mine* to production by the middle of next year.

The need for a rights issue was made clear last March and earlier this month the total amount required was settled.

The new shares will be listed on both the Johannesburg and London exchanges.

MINING BRIEFS

NEW GUINEA GOLDFIELDS—April production: Golden Ridges Mill: Tons ore treated 5,018; assaying (ounces per ton) 0.068; fine gold produced (ounces) 405.4; fine silver produced (ounces) 324.0. Edie Creed Alluvials: Fine gold produced (ounces) 36.9; fine silver produced (ounces) 24.1.

BIDS AND DEALS

Empress Services buys Brengreen

Empress Services (Holdings), the office cleaning and security group, announces that agreement in principle has been reached (subject to contract) for the acquisition of **Brengreen (Holdings)**, which carries on business in the same field.

The consideration is to be satisfied by the issue to the Brengreen holders of 4.8m new ordinary shares in Empress (40 per cent of the enlarged capital) and of £800,000 nominal of a new 10 per cent convertible loan stock. The loan stock will be convertible into a total of 8m further ordinary shares of Empress at any time between 1980 and 1985.

If not previously converted, the stock will be repayable by five equal annual payments on December 31 in each year between 1985 and 1989 at the rate of £120 per £100 nominal.

An associate of Brengreen has agreed to acquire 1m Empress shares (13.8 per cent of the present capital) at a price of 8.5312p per share from an associate of Empress.

Assuming full conversion of the convertible loan stock, Brengreen holders (including the associate purchase) would then hold an aggregate of 60 per cent of the enlarged capital of Empress.

ALLIED INSULATORS —BLAKEY'S

Allied Insulators' offer for the 6 per cent cumulative preference stock of Blakey's (Malleable Castings) is now unconditional. The offer has been accepted in respect of 7,947 stock units, 81.5 per cent of that class.

MALLINSON-DENNY

Mallinson-Denny announces the purchase, subject to contract, of **Eckford and Fyfe**, of South Shields. The consideration is 377,358 ordinary shares, the equivalent of £200,000 at a price of 53p.

Eckford and Fyfe executive directors, Mr. T. H. Conway, Mr. W. F. Eckford and Mr. F. Osborne, will continue in office.

INTL. COMPUTERS

Computer Peripherals Incorporated, a company owned jointly by Control Data Corporation (U.S.), NCR Corporation (U.S.) *and International Computers* (UK) has announced a preliminary plan by the three parent companies to revise their relative ownership levels in CPI.

The proposed changes in ownership are subject to final approval by each of the three companies. They would results in Control Data *having a 60 per cent. interest* in CPI, with NCR and ICL each holding a 20 per cent interest. Currently, Control Data and NCR each own 42 per cent of CPI, with ICL having a 16 per cent equity interest.

ALEX HOWDEN STAKE IN SOUTH AFRICAN INSURANCE CONCERN

By Richard Rolfe

JOHANNESBURG, May 24.

Through its subsidiary, Capital Marine Insurance, Alexander Howden is taking a 20 per cent stake in **Marine and Trade Insurance**, a local short-term insurer which has been under-capitalised in recent years, but control of which has just passed to the powerful unquoted group, Kirsh Industries. The price at which control has passed was 75 cents per share, but in anticipation of more active direction of Marine and Trade the market price is now up to 100 cents, and market capitalisation to R3.5m.

In common with other short-term insurance, mainly motor business, Marine and Trade has to maintain a ratio of 1:10 between capital and business written, now running at about R 20m annually. With a shortfall on this ratio recently, Marine and Trade has been obliged to re-insure business at a small loss, but its total profits this year are forecast at R 0.5m.

With the prospect of the capital base rising sharply over the next 18 months, the shortfall should not recur, and the group will be able, it is expected, to increase business written without materially rising operating costs.

Two Howden directors, Mr. Jack Carpenter and Mr. Alan Page, are to join the Marine and Trade Board.

SHARE STAKES

Unochrome International — Has been notified by **Jorehaut Holdings** of a further purchase of 100,000 ordinary shares which brings their aggregate holding to 4,185,000 (25 per cent) ordinary shares.

Samuel Sherman:— Mr. Samuel Sherman has disposed of his holding of 426,000 shares to clients of Rowe Rudd and Co.

Dixor:— Mr. N. H. Davis, director, has sold 2,000 shares. Mr. M. Dinsmore, director, has sold 122,707 shares. Mrs. W. L. Davidson, director, has sold 34,500 shares. Mr. R. E. Bloye, director, has acquired 76,279 shares. Mr. D. N. Wood has sold 2,000 shares and Mr. P. G. Belak has sold 2,000 shares. Mr. Wood and Mr. Belak each own more than 5 per cent.

Debenhams:—Mr. E. E. Crabtree, director, on May 19 bought 5,000 shares at 92p.

Cope Sportswear:—S. Cope's holding is now 792,581 shares (17.16 per cent.) having sold 28,000 shares.

Tern - Consulate:—Mr. M. A. Nachman has sold 20,000 shares and now holds 79,510 shares (5.7 per cent).

Tyneside Investment Trust:— London and Manchester Assurance Company, subsidiaries and nominees, hold 1,472,900 shares.

Foster Brothers Clothing Company:—Midland Bank Trust Company, Mr. E. G. Willcox and Mr. G. R. Willcox, director, sold on April 21 135,000 shares at 87½p. Mr. S. D. Collins, director, on May 17 sold 4,000 shares at 115p and Mrs. B. D. Collins sold 6,000 shares at 115p.

PETFORD BIDS 30p FOR HENSHALL

W. Henshall and Sons (Addlestone), the aircraft interior fitters, has attracted a counter cash offer of £750,000 for its capital from a second private company.

Bovbourne, which announced its offer on May 10, has already obtained 50 per cent of Henshall's equity. But Petford, which is incorporated in the Isle of Man, said yesterday that it intends to offer 30p per share against Bovbourne's 20p per share bid.

Petford, which acquired a small interest in Henshall following Bovbourne's offer, believes that its offer is attractive enough to induce Bovbourne to give it due consideration.

Petford represents a group of companies owned by family trusts settled by Mr. Joseph Murphy with interests in cable manufacturing installation and maintenance.

MAURICE JAMES £1.2M DISPOSALS

Maurice James Industries announces that terms have been agreed in principle for the sale of the engineering subsidiary **Joshua Bigwood and Son** and part of the assets of **Marcroft Engineering** for a total consideration of some £1.2m.

Mr. W. Shand Kydd has resigned as director of the company to concentrate on his other companies. Joshua Bigwood was his particular concern. Mr. Shand Kydd proposes to retain his personal holding in Maurice James and the company states that he leaves with the goodwill of the directors.

ST. KITTS SUGAR

At the EGM of St. Kitts Sugar Factory yesterday the meeting was adjourned for 28 days pending the receipt by shareholders of the offer on behalf of **Industrial Equity** (details of which *were announced*) to acquire the shares at 200p per share. The adjourned meeting will take place on June 21.

ASSOCIATES DEAL

Seligmann Rayner bought on May 23 75,000 **Kingside Investment** at 56p, on behalf of associates of **Jove Investment Trust.**

OIL AND GAS NEWS

Morgan Grenfell to advise Woodside on North Rankin

BY TERRY OGG

gas explorer Woodside Petroleum has taken a further step towards the commercial development of its North Rankin gas field off the coast of Western Australia with the appointment of Morgan Grenfell and Co. as financial advisers.

The North Rankin project costing between £1.8bn and £2bn at today's prices, is the largest natural resource project yet undertaken in Australia. Woodside has a 50 per cent. stake in the project and has asked Morgan Grenfell for advice on the best methods of raising the £900m. to £1bn it needs to maintain its interest.

The essential elements of the project are two offshore drilling/production platforms which will have the capacity to produce an annual daily average of 720m cubic feet of raw gas; a 133 km submarine pipeline to bring the gas ashore; an onshore plant to treat gas for domestic sales and to liquify it for export; storage facilities; marine loading facilities and associated infrastructure and a fleet of seven to 12 specialised tankers to transport the liquified gas.

One of the basic questions Morgan Grenfell has to answer is the level of equity that is necessary for the long-term future of the company. Australian political constraints suggest that a sizable portion of the debt will have to be raised locally but it is inevitable that European and United States markets will also be tapped.

The advisors were officially appointed on May 5 and within days had a top-level team on the spot for a preliminary examination. There are six people involved in the examination team, three from London, two from Australia and one from Singapore. The information is currently being digested and Morgan Grenfell expects to make some preliminary comments within the next few weeks.

Meanwhile, Woodside has announced that the Miller No. 1 well offshore Western Australia was plugged and abandoned at a total depth of 3,520 metres on May 20.

The company had previously reported the presence of hydrocarbons in the well but not *in* the formations which were the main objective of drilling. The interval 3,300 to 3,520 metres was water bearing.

The "Regional Endeavour" drillship has returned to the Browse Basin to drill the Basset No. 1 exploration well in permit NT-P5 to a programmed depth of 2,500 metres.

Time products up 32% to £3.9m

PRE-TAX PROFITS of Time Products, watch and clock distributing and retail jeweller concern, rose by 32 per cent from £2.93m to a record £3.87m for the year to January 31, 1978, after £1.43m, against £1.09m, at the six months stage.

The directors then said they were confident that the trend of first-half figures would continue, giving rise to improved results for the full year.

They now report that trade, for the first quarter of the current year, is well ahead of last year and taking this into account, they say *they* have every reason to expect that the 1978-79 year will again be one of substantial growth for the group. And they look forward to the future with confidence.

The group continues to open further retail units and it is well poised to take advantage of any upturn in consumer spending, directors state.

	1977-78	1976-77
	£000	£000
Turnover	29,904	24,036
Trading profit	2,969	2,262
Share of assocs.	902	667
Pre-tax profit	3,871	2,929
Tax	99	428
Net profit	3,772	2,501
Extraordinary credits	81	475
Attributable	3,853	2,976
Dividends	227	202
Retained	3,626	2,774

National advertising campaigns greatly helped advance the sales of the group's UK watch distribution division, with the quartz ranges proving to be exceptionally well received. The Hong Kong assembly business will produce sales in excess of 10m units this year, they add, making the factory there one of the largest of its kind in the world.

Turnover for the year was ahead from £24.04m to £29.9m and associates contributed £0.9m against £0.67m last time.

Tax took £99,000 (£428,000), and the directors say that the charge is in accordance with ED 19. Last year's charge has been restated.

Earnings are shown as 28.09p (18.62p) per 10p share and the dividend total is stepped up to 1.677p (1.5186p) net with a second interim payment of 1.247p. If ACT is reduced the directors will pay an additional amount together with the group's next dividend.

Alginate Inds. sees decline in first half

The volume of sales for the current year at **Alginate Industries** is expected to show a modest increase over the depressed levels of 1977 but any substantial rise in sales must await an upturn in general economic conditions, Mr. William *Merton, the chairman, tells* members.

The company experienced some teething troubles with one of its new production processes and the chairman says that although difficulties are being resolved, profits for the first quarter of the current year have been adversely affected, and results for the first half will compare badly, he says, with last year's exceptionally good first-half results.

As known pre-tax profits for 1977 fell from £2.98m to £2.8m on turnover of £16.74m (£13.52m) and the dividend is increased to 13.9615p (12.5p).

On a CCA basis, following the Hyde guidelines, pre-tax profit is adjusted to £1.89m (£2.3m) after adjustments for: depreciation £297,000 (£207,000); cost of sales £897,000 (£314,000) and the gearing factor £278,000 (£45,000). As at December 31, 1977 net bank borrowing increased by £1.79m (£0.74m decrease).

Lon. Sumatra gets outside director

London Sumatra Plantations has appointed a director from outside the Harrisons and Crosfield group which owns over 42 per cent. He is Sir Eric Norris who retired as British High Commissioner to Malaysia last year and joined Inchcape as a non-executive director.

London Sumatra indicated in the course of the heated battle to fend off McLeod Sipef's bid earlier this year that it would appoint an independent director. The company stated " the existing *arrangements, admirably though* they may have worked in the past, may need further consideration in the light of present ideas." The Board was considered by some commentators to have a conflict of interest since its directors were all from H and C.

First half advance by John Carr

ON HIGHER turnover of £8.77m *against £7.64m pre-tax profit of* **John Carr (Doncaster)**, joinery manufacturer and timber merchant, expanded from £1,263,000 to £1,364,000 for the half-year to March 31, 1978.

After tax of £696,000 (£652,000) *net profit was ahead from £611,000* to £668,000. The interim dividend is effectively raised to 0.33p (0.3p) net—last year, payments totalled an equivalent 0.915p per 25p share from £3.52m taxable profit.

The directors state that the factories are currently working at a satisfactory level, but second *half results could well be* distorted as a result of heavy capital expenditure on new projects and extensions during this period. The provision for extra capacity displays their confidence in the future growth of the company, they add.

It is anticipated that there will be a modest increase in demand from the building industry during the remainder of 1978 and the company is confident of obtaining its share of this increase.

C. Bryant & Son lodges appeal

In a letter to shareholders, the directors of Bryant Holdings say that following the recent trial, C. *Bryant* and Son ("C.B.&S.") has appealed against the total fine of £425,000 imposed on it and three of its former directors have lodged appeals against the sentences of imprisonment passed on them.

The matter therefore remains sub judice and it would be inappropriate to do more than draw the attention of holders to certain facts which ought in fairness to be known, they add.

First, Bryant Holdings, which had throughout maintained that it was in no way involved in any wrongdoing, was found not guilty of all charges on the direction of the Judge. Second, C.B.&S. was found not guilty of all the conspiracy charges (as well as a number of individual charges) on the direction of the Judge, and finally, C.B.&S. pleaded guilty to 17 charges in respect of which at least one of the three former directors had pleaded guilty. The last offence alleged took place in 1972, but as a matter of law the company is liable for what those former directors did and it was on this footing and no other that these pleas of guilty were entered by the company, the directors state.

They say it ought also to be known that the order for costs made against the company (*variously* estimated at sums ranging from £13,000 to "over a million pounds") is *itself* the subject of appeal by C.B.&S. The directors are advised that the costs for which the company may be liable are unlikely in fact to exceed £25,000 and may well be substantially less.

Since 1973, C.B.&S. had been operating under a new managing director, Mr. E. C. Gould, and a reconstituted Board.

The group as a whole is very soundly based with a substantial high quality land bank and an increasingly *important* property portfolio the directors point out. The necessary management skills and financial resources are available and the overall outlook is good.

Increase for Trust Union

AFTER TAX of £458,465 against £449,640, revenue of the Trust Union increased from £704,606 to £794,831 for the year to March 31, 1978. Total income was better at £1,712,692 against £1,518,722.

Earnings per 25p share are shown as 3.61p (3.2p) and the dividend total is stepped up to 3.4p (2.8p), with a final of 2p net.

Net asset value, after deducting prior charges at redemption value, is given at 134.7p (121.8p) per share.

ST. REGIS PAPER PLANS REDEMPTION

St. Regis Paper Company (UK) proposes premature redemption at par of its 5.75 per cent debenture stock 1980-85 and 7.25 per cent debenture stock 1985-90 on June 30, 1978.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

U.S. Shoe expects good year

CINCINNATI, May 24.

LOOKING forward to higher profits for the year as a whole, United States Shoe Corporation turns in a 33 per cent rise in its third quarter net to $1.2m to give 60 cents a share against the 45 cents for the same period of last year. Sales for the third quarter rose by 17 per cent to $167m.

For the nine months the company brought net profit some 29 per cent ahead to $21.2m with a net per share of $3.03 against $2.36. Sales for the nine months also were ahead 17 per cent at $540m.

The company says that ...strengths in the footwear wholesale area, combined with ongoing increases in apparel and footwear retailing, should result in the fourth quarter showing "a very favourable comparison with the depressed fourth quarter last year."

In the fiscal 1977 fourth quarter U.S. Shoe earned $2.7m or 39 cents a share on sales of $145.7m.

Many of its wholesale footwear divisions are now experiencing the highest incoming order rate for autumn merchandise since 1968. As a result, the company expects to ship substantial quantities of autumn merchandise before the end of the fiscal year on July 31 and to have factories running at maximum capacity for most of the fourth quarter.
Agencies

Syntex ahead

With the push coming from overseas operations, Syntex Corporation, the pharmaceuticals and agribusiness concern managed a 54 per cent advance in third quarter net profit to $13.5m to give 73 cents a share against the 43 cents for the same period of last year. Sales were 29 per cent. higher at $100.7m Agencies report from New York. For the nine months this brings the company 40 per cent ahead in net profit to $41m or $2.15 a share against $1.40 for the same period of last year.

Fedders upturn

Fedders, the air-conditioning concern turns in a profit for the second quarter of this year of $2.4m against the $0.6m for the same period of last year, bringing the net per share to 17 cents against 1 cent. Revenue was slightly lower at $94m, Agencies report from New York. For the six months the company shows a loss of $0.6m against the $0.25m loss for the same period of last year, with revenue also lower at $159m against $165m.

Daylin in counter bid for Dymo

BY DAVID LASCELLES

NEW YORK, May 24.

THE BID by the Swedish concern, Esselte, for control of Dymo Industries, the California-based labelling manufacturer was thrown into uncertainty today by the arrival on the scene of a "white knight" in the shape of Daylin, a holding company with diversified interests in retailing and household goods.

After rejecting Esselte's offer of $24 a share last week, and seeking to block the takeover with legal holding actions, Dymo announced today that it had accepted a proposed offer by Daylin of $30 a share. But within minutes Esselte also raised its offer to $30, saying that this price would also be paid to shareholders who had already tendered their shares for $24.

Dymo shareholders are faced with a difficult decision. Although Esselte's bid is the firmer, it expires tomorrow morning. Daylin's bid on the other hand, though only a proposed one at this stage, has longer to run, and could be raised to top the Esselte counter-offer.

Daylin is based in Los Angeles and had reported revenues of some $300m last year. It has recently been regrouping its component companies which include timber, drug retailing, clothing, hardware and medical goods, and is described as interested in expansion.

The geographical proximity to Dymo (which is in San Francisco) plus overlapping business interests are obvious reasons for considering a merger, though the value of Daylin's offer was clearly uppermost in the mind of Dymo, which had rejected Esselte's first bid as "inadequate."

The $30 offer brings the value of the bid to $62m if all outstanding shares are bought. Esselte stressed today that it had received clearance from the Swedish banking authorities for the additional cash required for its higher offer. No details of how Daylin proposed to finance the purchase were immediately available.

AP-DJ adds: Arrangements have been made for the Depositary Fidelity Union Trust of Newark New Jersey to remain open until 8.00 pm this evening, in connection with the new offer from Esselte.

Dymo Industries had planned to file a motion of appeal of a lower court's order denying its bid to stop the first proposed tender offer by Esselte AB and Oxford Pendaflex Corporation. Dymo said it would appeal the decision to the U.S. Court of Appeals for the second circuit.

Marshall Field buys furnisher

CHICAGO, May 24.

MARSHALL FIELD said it reached an agreement in principle to acquire John Breuner, a California-based retailer of home furnishings.

Under the terms of the agreement, each of the 726.496 outstanding shares of Breuner's common stock will be exchanged for 1.625 shares of Field common. In addition, each of the 2.856 outstanding shares of Breuner's preferred stock will be exchanged for three shares of Marshall Field common stock.

The merger is subject to the execution of definitive merger documents, approval by directors of both companies, approval by the shareholders of Breuner, and other usual conditions.
AP-DJ

Gannett in talks

A number of newspaper companies are considering joining Gannett, according to Paul Miller, chairman, AP-DJ reports from Rochester. He did not disclose the location or the exact number of companies involved. He added that the pending merger with Combined Communication would not dilute Gannett's image as a newspaper company. Three-quarters of operating profits after the merger would be from newspapers. Noting Gannett's recently reported 22 per cent gain in first quarter profits, Mr. Miller said the company was clearly set for another excellent year—unless there was a major downturn in the economy.

Heinz-Foodways

A definitive agreement has been reached between H. J. Heinz and Foodways National to merge Foodways into a Heinz subsidiary for about $50m, Reuter reports from Pittsburgh. The agreement was approved by both Boards but is subject to approval of Foodways shareholders at a special meeting on June 19. If consummated, each presently outstanding share of Foodways common will be converted into the right to receive $31 cash and Foodways will become a wholly-owned indirect subsidiary of Heinz.

Honeywell acquisition

Honeywell has acquired the Nautik division of Electroacoustic, a sonar-technology company based in Kiel, West Germany, for an undisclosed sum, Reuter reports from Minneapolis. The Nautik division had sales of $11m in 1977, of which 70 per cent was commercial and 30 per cent defence-related.

General Foods halts decline in earnings

WHITE PLAINS, May 24.

FOURTH QUARTER results from General Foods Corporation bear out the Board's prediction of an upturn after the setbacks of the earlier part of the year. An increase of 21 per cent to $51.8m in earnings for the final quarter bring total net for the year to $169.5m, a fall of only 4.3 per cent. At the nine month stage, earnings were 13 per cent down at $117.7m.

Share earnings for the full year slipped from $3.56 to $3.40. Sales showed a rise of 9.5 per cent at $5.4bn. Share earnings for the final quarter of $1.04 compare with 86 cents previously, while sales put on 7 per cent to $1.5bn.

Commenting on the results, Mr. James L. Ferguson, chairman and chief executive, said "despite the strong earnings improvement of the company's non-coffee businesses, fiscal 1978 earnings reflect both the sharp decline in sales volume and the profit margin pressures on our grocery coffee business worldwide. Results of our coffee business more than offset the gains made in other areas. Grocery coffee volumes during the first half of the year were far below our expectations and while they improved in the final six months of the year, profit margins continued to be under pressure."

In fiscal 1978, losses from foreign currency translations totalled $2.7m, against $13.6m, in fiscal 1977.

The increase in sales for the year was attributed to higher selling prices as well as to volume increases throughout the world in a number of products within the packaged convenience foods and food-away-from-home segments of the business.

General Foods was hurt during last year by the sharp fall in coffee sales and coffee price margins which reflected consumer resistance to the substantial increase in coffee on world markets. In January, both Nestlé and General Foods announced cuts in retail prices of instant coffee, while in February, General Foods the leading coffee roaster in the U.S., cut ground coffee prices for the seventh time in a year.
Agencies

Texaco Canada merger backed by shareholders

TORONTO, May 24

SHAREHOLDERS of Texaco Canada at the annual meeting approved the merger of Texaco Exploration Canada Ltd. and Texaco Inc. into a new company to be called Texaco Canada Inc. The company said 99.9 per cent. of the Common and 94.9 per cent. of the preferred shares voted in favour of the change. Only 75 per cent. of each class of stock was required for the passage of the merger.

Under the merger, common shareholders will receive one share of the new company stock for each Texaco Canada Ltd. share held. Texaco Inc. presently holds about 68.2 per cent. of Texaco Canada and will own about 89.7 per cent. of the new company.

Texaco Inc., as the common shareholder of Texaco Exploration Canada, will receive 20,402,253 common shares of the new company on a one-for-one basis and will also receive a total par value of $290m. of voting preferred shares.

Holders of the 4 per cent. non-convertible preferred shares will receive one 6 per cent. convertible preferred share of the new company for each 4 per cent. preferred share held. Each 6 per cent. share would be convertible at any time into two common shares of the merged company and will be callable at $102.50 after five years.

The directors of Texaco Exploration and Texaco Canada approved the proposed merger on April 25. At that time, the company said the purpose of the amalgamation was to establish a major integrated Canadian company with a good balance among producing, refining and marketing operations and to provide a strengthened financial and operational base.

The merger becomes effective on June 1.
Reuter

Doubts on Lykes-LTV link

BY JOHN WYLES

NEW YORK, May 24.

LYKES CORPORATION and LTV Corporation will be kept on tenterhooks for at least a week before the Attorney General, Mr. Griffin Bell, announces the administration's decision on the merger between the two companies with major steel interests.

Lykes and LTV officials emerged from a meeting with Mr. Bell this morning reportedly "grim faced." Serious doubts have been raised about Lykes' ability to survive without the merger which would combine its Youngstown steel and tube interests with LTV's Jones and Loughlin.

The corporations have been trying to leap the anti-trust hurdle by invoking the "failing company" doctrine. They have argued that Youngstown will be forced into bankruptcy without the merger and Lykes' future would also be in question. In other words, the collapse of Youngstown is a greater threat to competition in the steel industry than would be a merger between the country's seventh and eighth largest steel producers.

There has been considerable speculation recently that the Department of Justice's anti-trust division was still unconvinced of the justification for the combination. One of Lykes problems now is that it has laid such public stress on the difficulties of going it alone that banks and other creditors might be panicked into moves to protect their interests if the merger is vetoed.

AP-DJ adds from Pittsburgh: Since last September, the banks have allowed Lykes and Youngstown various waivers and amendments of three major loan agreements totalling about $125m. But some of these waivers expire soon, and Lykes has warned that without further extension or other modifications, it soon could be in default under the net-worth provisions of its loan agreements.

Under Youngstown's first-mortgage arrangements, the company cannot make any more long term borrowing to ease its cash problems. It has warned that without the merger, it would probably have to sell substantial assets to cover cash flow requirements. There also are capital spending needs, such as the necessity to progressively reline and refurbish ageing blast furnaces in Youngstown, at an estimated cost of $18m to $22m per furnace.

In fact, Lykes has some attractive and saleable assets, including its Continental-Emsco division, a leading producer of oil-drilling rigs, the Van Huffel tube division, and its Emerald mine, a new $90m coal mine in Western Pennsylvania. But many assets, including the Lykes interest in a Palm Beach Bank and the trade receivables of several major subsidiaries, have already been pledged to secure existing loans from creditors.

The merger still requires endorsement by shareholders of both companies, which LTV officials say could come within six to eight weeks after approval by the Justice Department.

Options brokers switch to Amex

CHICAGO, May 24.

TWO LARGE brokerage-houses have switched their main markets in dually traded options from the Chicago Board Options Exchange to the rival American Stock Exchange.

Merrill Lynch, Pierce, Fenner and Smith and Bache Halsey Stuart Shields said problems in processing orders on the Chicago exchange when market activity surged in April prompted their moves. Merrill Lynch's action, effective on Monday, came two weeks after the Bache switch.

The move means that the two firms will normally route orders to the American exchange in New York instead of to Chicago, although customers still will be able to have orders filled at the CBOE. With the change, the Amex now is the primary market for options of American Express, Bally Manufacturing, Digital Equipment Corporation and National Semiconductor Corporation.

Mr. Joseph W. Sullivan, CBOE president, said the firms' actions "reflect temporary operational overloads" that occurred last April when volume climbed to a peak of 402,000 contracts a day—about four times greater than its previous normal level of 100,000 contracts. Mr. Sullivan described the week of April 17 as "hectic."

But he added that a recent increase in the number of exchange floor personnel from 104 to 114 "will enable us to maintain a price reporting function at 300,000 contracts a day without delays."
AP-DJ.

Chemical Bank in Rome

BY JOHN WICKS

ZURICH, May 24.

CHEMICAL BANK, with a view to extending its international network, has applied to the Italian authorities for permission to open a branch in Rome, where until now it has only had a representative office. The New York-based bank has operated an Italian branch in Milan since 1974.

At the same time, Chemical Bank has asked for approval to open branches in Seoul and Hong Kong and is considering converting its Madrid representative office into a branch as soon as new Spanish legislation allows. The bank, which last year concentrated in Europe on strengthening its links to Scandinavia and Eastern Europe, also reports the opening last month of a representative office in Abidjan, Ivory Coast, and Canadian regional headquarters in Toronto.

Company subsidiary, Chemical Bank Zurich, reported a rise in its credit volume by SwFr 40m to SwFr 240m for 1977, but net profits were down to SwFr 2.56m.

Second half optimism at Ideal Toy

NEW YORK, May 24.

IDEAL TOY CORPORATION expects to report that earnings will be at about the breakeven point on a decline in sales in the fiscal first quarter ended May 4, from a year earlier, but expects that earnings and sales for the current fiscal year will top those reported for the fiscal year ended February 2, 1978, according to Mr. Joseph C. Winkler, senior vice president finance.

Most or all of the increases in sales and earnings should come during the second half of the current fiscal year.

In the year-ago first quarter Ideal reported earnings of $771,000 or 22 cents a share

Mr. Winkler expects to report that sales in the quarter declined 17.5 per cent to a little over $17m.

In fiscal 1978 the company reported earnings of $284,000 or eight cents a share down sharply from $5.2m or a restated $1.49 a share. Sales in 1978 were $126m down from $137.6m.
AP-DJ

EUROBONDS

ICI Swiss franc bond likely soon

By Francis Ghilès

PRICES of dollar bonds fell by a further eighth to a quarter of a point yesterday as profes? sionals continued to sell. The Canadair issue which was priced at 99 last Monday closed at 96¾-97¼ while the AGA issue which had been priced at par the same day closed at 98-¼.

Many dealers expect to fall further which would bring yields in the Eurobond market in line wit those in the Yankee bond market.

In some instances this is already happening. For eample, the yield on the outstanding 1982 Australia Eurobond which was quoted yesterday at 97¾-98¼ is 8.57 per cent. This compares favourably with the yield on the shorter tranche of the Australia Yankee bond which was priced on Tuesday to yield 8.45 per cent (again on an AIBD basis).

Whereas the shorter tranche of the Yankee bond for Australia was increased by $25m to $175m, the longer tranche was decreased by a similar amount to $75m.

In the Swiss Franc sector, Imperial Chemical Industries is expected to float a bond early nevxt month: The amount and terms are not yet known.

Norges Kommunalbank intends to float a SwFr 100m bond carrying a maturity of 12 years and a coupon of 4½ per cent. The bands are expected to be priced at par by lead manager, Banque Gutzwiller, Kurz, Bungener. They will be guaranteed by the Kingdom of Norway.

Vorarlberger Kraftwerke is raising SwFr 30m for 15 years. The bonds will carry a 4 per cent coupon and will be priced at par. Lead manager is Crédit Suisse.

Prices on the secondary market for Swiss Franc denomiated bonds has weakened, often by a point and a half since the end of last week. The Danish Norgage Bank, to give but one example, which was priced at 99½ last week was being quoted yesterday at 98. Fear of higher interest rates explain this fall which was signalled last week by a rise in bank deposit rates, the first in 12 months.

Prices in the Deutsche Mark sector staged a small technical recovery yesterday, with a number of issues moving up by one eighth or a quarter of a point. But turnover remained low.

Wardair slips

Canada's largest charter airline, Wardair earned C$1.7m (U.S.$1.5m) or 49 cents a share in the first quarter against C$2m or 60 cents a year earlier, our Montreal correspondent reports. Revenues were up 26 per cent to C$37m (U.S.$33m) primarily from higher sales of inclusive tour charters.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Mannesmann lifts sales despite weaker markets

BY ADRIAN DICKS

BONN, May 24.

MANNESMANN, the West German steel pipe, plant construction and mechanical engineering group, achieved profitable results in a number of major areas of its activities during the first three months of this year, despite reverses in other branches and increasingly difficult market conditions caused by currency movements.

Overall group sales rose by about 1 per cent from the first quarter 1977 level to just under DM 2.4bn ($1.13bn). Both current sales and new orders for pipes and tubes were satisfactory, the board said in an interim report. Work in hand, including outstanding major orders from the Soviet Union, is enough to guarantee employment in this area for the rest of the year.

The company conceded, though, that the profitability of pipe and tube-making divisions was still being adversely affected by the fulfilment of contracts signed during the recession in order to avoid lay-offs. A positive factor in the market, however, has been the European Commission's minimum price policy, which Mannesmann says has enabled an increased run-down of stocks.

The weak spot in Mannesmann's activities appears to be plant construction. Two of its major subsidiaries, Mannesmann-Anlagenbau and Demag, have reported a drop in new orders in this area compared to the first quarter of 1977.

Despite a weak order position, with a 16 per cent decline in export bookings compared to first quarter 1978, Demag registered a brisk increase in some lines of off-the-shelf machinery and machine tools.

Increase at Italian insurance company

By Paul Betts

ROME, May 24.

ITALY'S largest private insurance company Assicurazioni Generali of Venice reports profits of L23.9bn ($27m) for 1977 compared to L22.3bn the year before. The company is to pay a dividend of L600, representing a L50 increase on the 1976 dividend.

At a Board meeting in Venice, the company also said that an extraordinary general meeting is to be held to approve a capital increase from L65.8bn to L79bn through a one-for-five scrip issue.

Premiums collected last year by the parent company and the 33 companies of the group amounted to L2115bn representing a 21.7 per cent increase over 1976. The company said that Italy accounted for 29 per cent of group business, while other EEC countries accounted for 42 per cent.

Assicurazioni Generali is now proposing to concentrate all its foreign participation in its Gefina financial company.

Jernverk to restructure following record losses

BY FAY GJESTER

OSLO, May 24.

NORSK JERNVERK, Norway's state-owned iron and steel concern, made a record loss of Kr 150.3m in 1977 after depreciation (no income-tax was payable). This compared with a loss of Kr 76.6m in 1976 after taxes and depreciation. Group turnover fell from Kr 864m to Kr 796m.

Jernverk is currently studying the possibilities of restructuring its production and making changes in technology and marketing policy and will submit proposals about this to the Ministry of Industry later this year. Like most iron and steel producers, it has been affected by the world slump, and will probably continue to need state subsidies for several years. Last week the Norwegian Parliament, Storting, voted to allocate Kr 120m to Jernverk, and authorised it to borrow Kr 50m abroad.

Exports have been hardest hit, falling by Kr 124m from 1976. The sharpest decline has been in sales of iron ore products, pig iron, semi-finished goods, and ships' profiles. Financial costs have been high owing to stock-piling of unsold products and currency fluctuations which led to a loss of some Kr 11m.

The board's report forecasts that prices for pellets will be even lower this year than in 1977, and that stocks are unlikely to decline. For steel goods, the board hopes that present price levels can be maintained but the only plant expected to increase output in 1978 is the tin plate plant in Bergen.

Volvo to market new minicar in the U.S.

By Terry Dodsworth

VOLVO, the Swedish vehicle manufacturer, is considering a new project to build a two-seat lightweight minicar aimed mainly at the U.S. market, according to a company spokesman.

The idea is one of many possibilities now being talked about for the next generation of Volvo cars following the move by the Norwegian Government to take 40 per cent of the Swedish company's equity.

Under the terms of the proposed deal, Volvo has agreed to transfer the development of "a certain new model" to Norway, and if the project proves successful start production there. But the company indicated yesterday thta there is a possibility of assembly also taking place in the U.S.

Setback for Allianz

BERLIN, May 24.

ALLIANZ VERSICHERUNGS AG, one of West Germany's largest insurance companies, saw its net profit decline by 17 per cent. in 1977 to DM 130.7m ($61m) from DM 158.7m in 1976.

The company's supervisory board voted to recommend an unchanged 1977 DM10 dividend for each DM50 nominal share.

AP-DJ

Karstadt feels pressure

ESSEN, May 24.

KARSTADT AG, Europe's largest department store chain, said its turnover rose by 5.5 per cent to DM 2.6bn ($1.23bn) in the first four months of 1978 from the same period last year.

Herr Walter Deuss, management board chairman, said the company saw continued pressure on results in 1978

Commenting on dividend policy, Herr Deuss said a cut in the dividend payment below last year's DM 7.50 a share would be "the worst possible case."

Karstadt's 1977 net profit declined by 42.6 per cent to DM 70m from DM 122m in 1976.

Turnover rose to DM 8.4bn from DM 7.9bn. For the 1977 dividend, Karstadt's supervisory board proposed a cut to DM 7.50 from DM 10 in 1976.

AP-DJ

Norsk Hydro shelves smelter

BY OUR OWN CORRESPONDENT

OSLO, May 24

NORSK HYDRO, the Norwegian metals, chemicals and energy concern, has shelved plans to build a new aluminium smelter at Glomfjord, Northern Norway, where it has an ammonia and fertiliser plant. The project was "no longer likely to pay its way" partly because aluminium prices have not risen at the same rate as the cost of new plant generally.

This is the second time within a few months that Hydro has announced a decision to shelve a major industrial project. In March Hydro president, Odd Narud, said the concern was postponing indefinitely its plans to build a new magnesium plant at Mongstad, West Norway. He said then that the situation in Norway was far more difficult than in the rest of Europe.

Hydro was dubious about the prospects for undertaking any major industrial development in this country at present, he added.

Steyr lifts dividend

By Our Financial Staff

STEYR-DAIMLER-PUCH, Austria's leading motor concern, is increasing its dividend again after a rise in net profits last year to Sch 92m ($6m) from Sch 82m.

Shareholders will receive an 8 per cent payment, plus a 1 per cent bonus, compared with the previous year's 7 per cent plus 1 per cent.

Sales of the company, controlled by Creditanstalt, the country's major bank, moved up to Sch 10.5bn from Sch 9.9bn.

Further compensation delays for HVA

BY CHARLES BATCHELOR

HVA the plantation consultancy, trading, chemicals and agricultural project company, is still adjusting to the nationalisation of its Ethiopian interests three years ago. Political developments in Ethiopia in recent months have further delayed negotiations about compensation, the company says in its annual report.

No profit was made in the first three months of 1978 and prospects for the next few months are "not favourable." The resumption of the trend of steadily growing profits is taking longer than HVA first expected. Last year profits before depreciation and excluding Ethiopia fell to Fls 3.3m from Fls 4.8m while at the next level profits were Fls 800,000 against Fls 2.2m turnover was Fls 591m compared to Fls 609m. The company is again not paying a dividend: the last payment was Fls 6.50 in 1974.

Looking to the future HVA expects to eventually set profits moving upwards. About two-thirds of net assets of Fls 148m are frozen in Ethiopia.

Enskilda sees 15% increase

STOCKHOLM, May 24.

SKANDINAVISKA Enskilda Banken says it expects 1978 operating profit before extraordinary items, appropriations and taxes to be at least 15 per cent above last year's SKr 609.6m.

In an interim report it says operating profit in the first four months of this year rose 15 per cent above the same period last year to SKr 224m and balance sheet assets were over 14 per cent higher at SKr 44.07bn.

The high liquidity of the domestic money market is reflected in the operating results, it added.

Reuter

Low prices hit Schauman

BY LANCE KEYWORTH

HELSINKI, May 24.

FINNISH pulp and paper group Wilh. Schauman AB turned in a sharply higher loss for fiscal 1977 as a result of the general depression affecting the forest industry, but is hopeful that cost trimming and debt restructuring will benefit its finances in the current year.

Although group sales rose by 10 per cent to FM 863m and those of the parent company by 9 per cent to FM 711m, Schauman's losses mounted to FM 9.2m ($2.1m) last year, after tax and depreciation, from FM 1...m. But by drawing on reserves, it is able to pay shareholders 4 per cent on the ordinary stock and 8 per cent on the preferred compared with 8 per cent for both categories the previous year.

The main problem for Schauman has been the low price of pulp and other wood-based products. Some 85 per cent of the company's production is based on wood, and with annual pulp production capacity of 250,000 tonnes, an increase in prices is vital. Producer stocks should return to normal by about mid-1978, and this should influence the price situation for the better. The annual report views the prospects for the current year in a cautiously optimistic light.

$250m for Aughinish

By Francis Ghilès

AUGHINISH STEEL, of Ireland, the joint financial borrowing vehicle of Alcan, Billington and Anaconda, is raising $250m for ten years on a spread over the interbank rate split three ways: ⅝ per cent for the first three years, rising to ¾ per cent for the next four, and ⅞ per cent for the remainder. Lead manager is Citicorp.

The same bank, together with Manufacturers Hanover and Morgan Guaranty, is arranging a ten year $75m loan for the Finnish Oil Company. Other terms, which are undisclosed, are understood to be in line with those of recent loans to prime Finnish borrowers (a split spread of ⅝-¾ per cent for eight year money)

The Taiwan Power Company is understood to be negotiating for $200m, part of which may be in the form of a Yankee bond. Taiwan would have to obtain a rating from the U.S. agencies, Moody's and Standard and Poor's, before it was able to proceed.

The medium term credit portion of this operation is likely to carry much finer terms than recently obtained by borrowers from Taiwan: up to now, a spread over the interbank rate of under 1 per cent for eight years is not ruled out. Part of these funds would help refinance, on cheaper terms for the borrower, loans raised in recent years.

The terms of Shell Petroleum's $800m Eurodollar standby credit are understood to include a ten-year maturity and a split spread over the London interbank rate of ⅝ per cent for the first four years, rising to ¾ per cent for the remainder.

Lead manager is Algemene Bank Nederland and the management group includes about ten other major banks.

Part of the proceeds will help to refinance a $400m seven-year loan raised by Shell Petroleum in 1974.

Bekaert hopes for maintained earnings

ZWEVEGEM, May 24.

BEKAERT SA, the Belgian industrial wire producer, expects 1978 net profit to at least equal last year's BFr 404m ($12m), providing the current trend continues, chairman Marc Verhaeghe de Naeyer told the annual meeting.

He said results in the first four months were favourable both for wire and steel cord products. Bekaert paid a BFr 116 net dividend for 1977 against BFr 112 for 1976.

M. de Naeyer said the 9 per cent net profit drop in 1977 occurred because the company, the largest in its sector in Europe, benefited from an unusual tax boost in the previous year which increased profits. Operating profit actually rose by 9 per cent in 1977, he added.

Prospects for group profits this year were also good, with satisfactory results so far from Bekaert's susbidiaries in Britain, Spain, Latin America and Japan.

Action is being taken to improve the performance of its non-Belgian wire making subsidiaries in Europe, whose profits were poor last year, and their range of products is also being updated, he said.

Managing director Jean-Charles Velge said that, in the long term, Bekaert may open a second factory in the U.S., although no decision has been taken. Its existing plant at Rome, Georgia, produces steel cords for reinforcing tyres and bead wire.

M. Velge said after the meeting that Bekaert's 1978 investments will not be higher than the BFr 892m spent last year. The company intends to consolidate current performance rather than go for fast expansion, he added.

Meanwhile, Sarma, one of Belgium's big retail chains which is in turn almost wholly-owned by the American chain J. C. Penney, has reported an 8 per cent increase in turnover to BFr 22.1bn. No profit figures were given but they are said to be about the same as in 1976. Income will remain in Belgium.

Reuter

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96¼	97
AMEV 8pc 1987	95¾	96¼
Australia 8½pc 1992	93	93½
Australian M & S. 9½pc '92	96¾	97¼
Barclays Bank 8½pc 1992	95¾	96¼
Bowater 9½pc 1992	97½	98
Can. N. Railway 8½pc 1986	96	96½
Credit National 8½pc 1986	97½	98
Denmark 8½pc 1984	99½	100
ECS 9pc 1993	97¾	98¼
ECS 8½pc 1997	95	95½
EIB 8½pc 1992	98½	99
EMI 9½pc 1989	97½	98½
Ericsson 8¼pc 1989	96	96½
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8½pc 1984	97½	98½
Hamersley 9½pc 1992	99½	100
Hydro Quebec 9pc 1992	95½	96½
ICI 8½pc 1987	96½	97¼
ISE Canada 9½pc 1986	103¾	104½
Macmillan Bloedel 9pc 1992	95	95½
Massey Ferguson 9½pc '91	97½	98½
Michelin 9½pc 1988	101½	102½
Midland Int. Fin. 8½pc '92	96½	97¼
National Coal Bd. 8pc 1987	94	94½
National Wstmnstr. 9pc '86	99½	100
Newfoundland 9pc 1989	98½	99
Nordic Inv. Bk. 8½pc 1988	98¼	99
Norges Kom. Bk. 8½pc 1992	96¾	97¼
Norpipe 8½pc 1989	96½	97¼
Norsk Hydro 8½pc 1992	96	96½
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1995	94½	95½
Prov. Saskatch. 8½pc 1986	98½	99
Reed International 9pc 1987	97	98
RHM 9pc 1992	97½	98
Selection Trust 8½pc 1989	90½	91½
Skand. Enskilda 9pc 1991	98½	99
SKF 8pc 1987	93	93½
Sweden (K'dom) 8½pc 1987	96	96½
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	92½	93½

NOTES	Bid	Offer
Australia 7½pc 1984	94½	95½
Bell Canada 7¾pc 1987	94½	95½
Br. Columbia Hyd. 7¾pc '85	93	93½
Can. Pac. 8½pc 1984	97½	98½
Dow Chemical 8pc 1986	97½	98½
ECS 7¾pc 1982	95½	96½
ECS 8½pc 1989	95½	96
EEC 7½pc 1982	95½	96½
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8½pc 1984	96½	97½
Gotaverken 7¾pc 1982	97	97½
Kockums 8pc 1983	97½	98
Michelin 8½pc 1983	99	99½
Montreal Urban 8½pc 1981	99½	100½
New Brunswick 8pc 1984	97	97½
New Bruns. Prov. 8¼pc '83	99½	100½
New Zealand 8½pc 1986	97	97½
Nordic Inv. Bk. 7¾pc 1984	95	95½
Norsk Hydro 7¾pc 1982	97	97½
Norway 7¾pc 1982	96	96½
Ontario Hydro 8pc 1987	94½	95
Singer 8½pc 1982	100	100½
S. of Scot. Elec. 8½pc 1981	99½	100
Sweden (K'dom) 7¾pc 1982	96	96½
Swedish State Co. 7¾pc '82	97	97½
Telmex 9½pc 1984	98½	99½
Tenneco 7¾pc 1987 May	92½	93½
Volkswagen 7¾pc 1987	94	94½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	89½	90½
Courtaulds 9½pc 1989	87½	88½
ECS 9¾pc 1989	93½	94½
EIB 9¾pc 1988	93½	94½
EIB 9¾pc 1992	93½	94½
Finance for Ind. 9¾pc 1987	89½	90½
Finance for Ind. 10pc 1989	90½	91½
Fisons 10½pc 1987	93½	94½
Gestetner 11pc 1986	91½	92½
INA 10pc 1988	89	90
Rowntree 10½pc 1988	87½	88½
Sears 10½pc 1988	88½	89½
Total Oil 9¾pc 1984	92	93

DM BONDS	Bid	Offer
Asian Dev. Bank 5¾pc 1988	97½	98
BNDE 6½pc 1986	96½	97
Canada 4½pc 1983	97½	98½
Den Norske Id. Bk. 6pc '90	98	98½
Deutsche Bank 4½pc 1983	97½	98½
ECS 5½pc 1990	95	95½
EIB 5½pc 1990	94½	95½
Elf Aquitaine 5¾pc 1988	95½	96
Euratom 5½pc 1987	97½	98
Finland 5½pc 1986	97	97½
Forsmarks 5½pc 1990	97½	98
Mexico 6pc 1985	93½	94½
Norcem 5½pc 1989	100	100½
Norway 4½pc 1983	99	100
Norway 4½pc 1983	97½	98½
PK Banken 5½pc 1986	95½	96½
Prov. Quebec 6pc 1990	95½	96½
Rautaruukki 5½pc 1988	96	96½
Spain 6pc 1988	94	94½
Trondheim 5½pc 1988	96½	97½
TVO Power Co. 6pc 1988	97½	98½
Venezuela 6pc 1988	97	97½
World Bank 5½pc 1990	98	98½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99½	100½
BFCE 1984 8½pc	99½	100½
BNP 1983 8 11/16pc	100½	101½
CCF 1985 8¾pc	99½	100
CGMF 1984 7¾pc	99½	100
Creditanstalt 1984 8½pc	99½	100½
Credit Lyonnais 1982 8pc	100	100½
DG Bank 1982 7 15/16pc	100½	100½
GZB 1981 8 1/16pc	100½	101
Intl. Westminster 1984 8pc	99½	100
Lloyds 1983 7¾pc	100½	100½
LTCB 1982 8pc	99½	100½
Midland 1982 8pc	100½	101½
Midland 1987 8 9/16pc	99½	100½
OKB 1983 7¾pc	99½	100½
SNCF 1985 8½pc	99½	100
Std. and Chtrd. '84 7 11/16pc	99½	100½
Wms. and Glyn's '84 9 1/16pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	88	89½
Ashland 5pc 1988	94	95½
Babcock & Wilcox 6½pc '97	102½	103½
Beatrice Foods 4½pc 1992	98	99½
Beatrice Foods 4½pc 1992	107	108½
Beecham 6½pc 1992	96½	97½
Borden 5pc 1992	100½	102
Broadway Hale 4½pc 1987	77	78½
Carnation 4pc 1987	77½	79
Chevron 5pc 1988	137	139½
Dart 4½pc 1987	80½	82
Eastman Kodak 4½pc 1988	84½	86
Economic Labs. 4½pc 1987	78	79½
Firestone 5pc 1988	83	84½
Ford 5pc 1988	88½	90
General Electric 4½pc 1987	84½	86
Gillette 4½pc 1987	77	79½
Gould 5pc 1987	116	117½
Gulf and Western 5pc 1988	88	89½
Harris 5pc 1992	178	180
Honeywell 6pc 1986	88	89½
ICI 6½pc 1992	88½	89½
INA 6pc 1997	95½	97
Inchcape 6½pc 1992	112	114
ITT 4½pc 1987	82	83½
Jusco 6pc 1992	108	109
Komatsu 7½pc 1990	123	124
J. Ray McDermott 4¾pc '87	172	173½
Matsushita 6½pc 1990	163	164
Mitsui 7½pc 1990	113½	115½
J. P. Morgan 4½pc 1987	101½	103
Nabisco 5½pc 1988	102	103½
Owens Illinois 4½pc 1987	117	118½
J. C. Penney 4½pc 1987	78	79½
Revlon 4½pc 1987	117	118½
Reynolds Metals 5pc 1988	88½	89
Sandvik 6½pc 1988	107	109
Sperry Rand 4½pc 1987	93½	95
Squibb 4½pc 1987	91½	93
Texaco 4½pc 1988	80½	82
Toshiba 6½pc 1992	125	126
Ty Co. 9pc 1984	77	78½
Union Carbide 4½pc 1982	94	95½
Warner Lambert 4½pc 1987	84	85½
Warner Lambert 4½pc 1988	77	78½
Xerox 5pc 1988	79½	81

Source: Kidder, Peabody Securities.

VONTOBEL EUROBOND INDICES
(14.5.76=100%)

PRICE INDEX	23.5.78	16.5.78	AVERAGE YIELD	23.5.78	16.5.78
DM Bonds	105.77	106.32	DM Bonds	6.596	6.524
HFL Bonds & Notes	104.95	105.08	HFL Bonds & Notes	7.415	7.399
U.S. $ Strt. Bonds	99.86	100.12	U.S. $ Strt. Bonds	8.722	8.670
Can.-Dollar Bonds	100.05	99.46	Can.-Dollar Bonds	9.270	9.392

Schindler earnings halved as demand in Europe weakens

BY JOHN WICKS ZURICH, May 24.

GROUP CASH-FLOW of Schindler, the leading European lift and escalator manufacturer, dropped from SwFr 74.6m to SwFr 55.4m ($28m) last year after a decline in net profits from SwFr 43.8m to SwFr 22m.

The setback is attributed to both the economic situation and to adverse currency movements. Group turnover fell slightly from SwFr1.18bn to SwFr1.14bn in 1977, though this decline was due to a ten per cent loss in potential Swiss franc income owing to the currency situation. Had the Swiss franc not appreciated last year, sales would have risen by seven per cent. New order value in terms of Swiss francs was also down.

At a Press conference in Ebikon, Mr. Zeno Schindler, group chairman, said that no major improvement in the economy was anticipated for Europe, Schindler's most important sales market. The company was "well prepared for a more uncertain future" and had a good technical and financial base, as well as high liquidity. This would allow the group to keep and further expand its position as the world's second biggest lift manufacturer after Otis of the U.S.

The parent undertaking, Schindler Holding, is to pay dividends of SwFr 12 per registered share and participation certificate and SwFr 60 per bearer share from net profits of SwFr 12.93m. Figures are not comparable with 1976, since this was only a nine-month financial period.

* * *

Zurich banking house bank Gut, Streiff, has changed its name to Interallianz Bank Zuerich. This marks the extension of the circle of shareholders which occurred when the Gut family sold part of the former capital to Swiss interests, including Swiss Volksbank and Industrie-und Handelsbank. A Japanese banking and industrial consortium subsequently acquired 40 per cent of the capital of SwFr 8m.

Ampol moves into leisure as margins boost income

BY LAURENCE STEPHENS SYDNEY, May 24.

AMPOL PETROLEUM has announced a 78.7 per cent profit increase to A$7.29m (US$8.2m) for the latest half-year, and is diversifying into the leisure industry with two new ventures. One is a leisure club which will offer its members package tours and accommodation both in Australia and overseas, as well as special prices on a range of leisure, sporting and household electrical goods.

The other is the securing of the marketing and distribution rights to a new synthetic turf—a petroleum-based product which is aimed at providing long life and virtually maintenance free surfaces for tennis courts and bowling greens.

The profit for the six months to March 31, which was achieved on a 15.2 per cent rise in sales revenue, was after tax but before deducting minority interests of A$1.15m, compared with minorities of A$569,000.

The main factors in the improvement were higher profit margins, the containing of cost increases, and price rises granted by the Prices Justification Tribunal to offset costs. Ampol increased its sales income despite a lower volume of motor spirit sales than in the corresponding half of the previous year.

The company's chairman, Mr. A. E. Harris said in Sydney today that he was still unsatisfied with the company's profit margins, and that the period had been one of intense competition.

Margins had been improved in the face of widespread petrol discounting, and despite the petrol price freeze in New South Wales which had prevented the company from implementing the Prices Tribunal's increases in that state.

In addition, the market during the period had grown by only 2.9 per cent compared with the company's projections of a 5 per cent increase.

Mr. Harris reaffirmed his prediction, made six months ago, that Ampol Petroleum subsidiary Ampol Exploration would double its profit in the current year to about $7m.

After deducting minority interests and including an extraordinary profit of A$107,000 (previously A$362,000) earned primarily from the sale of unprofitable service stations, Ampol's profit from all sources after tax rose 61.4 per cent to A$6.25m (SUS7m).

This included profits of A$1.53m from associated companies, compared with A$1.03m in the same half last year.

The new leisure club, to be owned 45 per cent each by Ampol and National Mutual Life Association, will be launched in September with a national advertising campaign. Ampol is hoping to attract between 100,000 and 200,000 members in the first year, but Mr. Harris would not disclose what the membership fee would be, or the percentage of price reductions to be offered. The reductions would not include lower air fares.

The three domestic airlines, as well as a car rental group, a travel agency and several hotel chains, have been lined up to participate in the venture. Several major suppliers of leisure goods will also be involved.

Tiger Oats maintains its sales impetus

By Richard Rolfe

JOHANNESBURG, May 24.

THE FOOD group, Tiger Oats, which with Premier Milling is the dominant force in this sector in South Africa, lifted turnover from R412m to R551m ($634m) in its year to December, 1977, and the chairman, Mr. R. L. Frankel, says in his annual statement published today that volume sales have been maintained so far in the current year. He adds that "intense competition is being encountered in certain areas," particularly in the "agri-business," but that "overall trading conditions have nevertheless remained satisfactory."

One area of obvious difficulty in the current year is the group's fishing activities in South Wales Africa, where the fishing season has just opened. Reports indicate that the main fish concentrations are further north than usual, near the Angola border, entailing lengthy steaming time and damage to catches. Mr. Frankel says that, in addition, raw fish quotas and their pilchards content have been reduced, and it would be unrealistic not to anticipate a material drop in the 1978 earnings of both Sea Products (SWA) and South West African Fishing Industries.

On the more positive side, from January 1, Tiger will consolidate the results of Adcock-Ingram, a local pharmaceutical group which is expected to show above-average growth. It has expanded capacity in recent years and should benefit from the trends towards increased local manufacture. Mr. Frankel, pointing out that diversification into pharmaceuticals has been a feature of the international food industry, says this is Tiger's first major move outside food and feeds since its incorporation.

Last year Tiger earned 202 cents a share, of which 30 cents was derived from the fishing side, and paid 52 cents a share. While the going may be harder this year, a rise in the dividend would not be out of character and the shares at 940 cents yield 5.5 per cent, a premium rating but merited by the profits record.

Downturn forecast by Fuji HI after sharp rise in profit

BY YOKO SHIBATA TOKYO, May 24.

NET PROFITS at Fuji Heavy Industries, manufacturer of the Subaru Leone compact car sold in the UK since last December, rose by 70.2 per cent, to Y4.72bn ($20.8m) for the year to March. But it expects profits to fall 25 per cent this year.

As a result of brisk sales of compact cars, the company's sales rose by 21.2 per cent to Y307.9bn ($1.4bn). While cars accounted for 76 per cent of the total sales, rolling stock for 7.5 per cent, bus bodies for 5.3 per cent, aircraft for 5.5 per cent and industrial machinery for 6 per cent.

During the year, the company produced 373,153 vehicles, or 47,137 more than in the previous year, of which 82,706 vehicles were for Nissan Motor. It exported 44 per cent (120,084 vehicles) of production to the U.S. and Canada and started to export to the U.K. at the end of last year.

Exports in value accounted for 32.9 per cent of the total revenue. However, the company's dollar-based exports incurred a Y10.6bn exchange loss as a result of the higher yen exchange rate. To meet the rise in the yen, the company raised export prices five times during the year, and carried out cost reduction measures by boosting production and through rationalisation moves. The company also reduced interest payments by cutting down borrowing by Y1.1bn. This was sufficient to cover the exchange loss.

Recurring profits were Y9.54bn, up 19.8 per cent. Because of the higher yen value, the company expects a modest profits performance for the current fiscal year, forecasting a 25 per cent. fall in current profits to Y7bn, and net profits down 25 per cent, to Y3.5bn, on sales of Y325bn, up 6 per cent.

Same again from Tobler

BY OUR OWN CORRESPONDENT ZURICH, May 24.

SWISS CONFECTIONERY concern AG Chocolat Tobler of Berne foresees payment of an unchanged dividend of 7 per cent for 1977 after almost unaltered operating profits of SwFr 7.15m (SwFr 7.09m) and net profits of SwFr 860,000 (SwFr 800,000). Although production of the company, a subsidiary of the Lausanne-based Interfood group, rose by only 3.8 per cent last year, price increases and the replacement of large quantities of semi-finished product sales by those of finished chocolate led to a rise in turnover of 12.1 per cent to SwFr 92.84m (SwFr 82.79m).

Abroad, British affiliate Tobler Suchard booked a loss in sales volume despite a turnover improvement of 10 per cent and showed a trading loss for the year. Sales of the West German company, Chocolat Tobler GmbH, rose by 15 per cent, resulting in satisfactory profits.

For the current year, Tobler anticipates a continuation of the moderate rise in demand. Although there is now little opportunity for a further increase in Swiss per-capita consumption, the only limits seen as existing on export markets are those of exchange rates.

Sales upsurge at UTC

BY OUR OWN CORRESPONDENT ZURICH, May 24.

TURNOVER of the Swiss-based UTC trading concern increased by about one quarter last year to SwFr 1.5bn, ($760m) after having risen by a third in 1976 to some SwFr 1.2bn.

This rise is accounted for by the group holding company, Basler Handels-Gesellschaft of Basle, largely through direct sales in the retail and services field. The figures do not include the controlling stake acquired in the Swiss department-store group Jelmoli from Credit Suisse late last year.

Most of the turnover still originates in group operations in West Africa, where UTC—the former Union Trading group—grew up out of the activities of the Basle mission. The subsidiary UTC of Nigeria remains the biggest single source of income despite the reduction of the UTC shareholders from 58 to 40 per cent.

No profits are given for the parent company or the group. Basler Handels-Gesellschaft intends to distribute an unchanged 10 yer cent dividend for the year.

Union Bank purchase

One fo Switzerland's "big three" banks, the Union Bank of Switzerland, is planning to purchase a shareholding in Development Underwriting of Australia, write John Wicks from Zurich.

Agreement has been reached in principle for the Swiss bank to buy the shareholding from Chemical Bank of th eU.S. A spokesman for Union Bank said that the negotiations had not reached a conclusion. The amount of Development Underwriting capital involved is not being disclosed at this sage.

Third Australian smelter study

BY OUR OWN CORRESPONDENT SYDNEY, May 24.

AUSTRALIA MAY soon have three aluminium smelters rather than one if a new feasibility study comes to fruition. Gove Alumina, which is 51 per cent owned by CSR, and Swiss Aluminium Australia, a wholly owned subsidiary of Alusuisse, have formed a new company to undertake the study.

This news follows confirmation last month that Comalco would go ahead with a A$200m smelter in Gladstone, Queensland, a development which had been in the pipeline for about five years.

Gove and Swiss Aluminium Australia (Austswiss) will own 60 per cent and 40 per cent respectively of the new company, to be known as Nabalco Aluminium Pty. CSR said tonight that this company was purely a vehicle for the study and would not develop the smelter if proved practicable.

It was intended that the new smelter, if it went ahead, would have majority Australian participation.

Gove and Austswiss are already partners in the Gove Alumina project which produces about 1m. tonnes of alumina a year and sells about one third of this amount to Alusuisse. The partners were granted bauxite mining leases at Gove in 1968 on the condition that they undertook a feasibility study for a smelter in the Northern Territory.

The study ruled out a smelter in the territory and such a location is still unlikely to be a proposition, as a result of the increasing shortage of fuel oil. But the study will include all aspects of a smelter including location, markets for its projected output, finance and design.

Since the process of smelting aluminium for alumina requires considerable quantities of energy, location could well be influenced by the coal deposits of certain of the Gove partners, which include CSR and Peko-Wallsend.

The standing of other Gove participants, such as the Bank of New South Wales and the Australian Mutual Provident Society, should ensure that financing of the smelter will present few problems.

Meanwhile, Comalco's A$56m purchase of a bigger stake in Queensland Alumina recently will add about 400,000 tonnes a year to the group's capacity. This will meet the initial alumina needs of the proposed Gladstone smelter, shareholders were told at an extraordinary meeting today.

Comalco is increasing its Queensland Alumina shareholding from 13.8 per cent to 30.3 per cent and will sell off its salt interests to finance the purchase. Sir Donald Hibberd, the chairman, said that the acquisition would take Comalco's annual alumina output to 730,000 tonnes a year.

Sir Donald believed it was better for Comalco to lift its capacity through this purchase rather than any new development of its own, and said that eventual capacity could rise to 870,000 tonnes, or 20 per cent more than the new figure.

Shareholders at the meeting approved the Queensland mines deal, which valuers had stated was being made at a fair price.

Offer for Toft minority

BRISBANE, May 24

Jardine Matheson Australia is to offer 65 cents each for the shares in Bundaberg-based sugar cane harvesting machinery maker, Toft Bros. Industries, not already held by Jardine Matheson.

Jardine Matheson already holds 74.8 per cent of the 8.23m issued 50 per cent part Toft shares and all 900,000 of its 50 cent par redeemable preference shares.

Jardine Matheson Australia (JMA) also plans to cause Toft to redeem all its preference shares in accordance with the redemption terms attached to them.

The acquisition is conditional on approval by the Foreign Investment Review Board and on administrative conditions to be set out in the formal bid documents.

JMA said it considered the Toft capital structure to have been unsuitable for several years in view of its growth and the nature of the harvester industry.

This has resulted in minority shareholders receiving no dividends for several years. The aim of the intended offer is to make Toft a unit of a larger company in order for it to accommodate more readily the swings which are a feature of the business.

Reuter

Bank of Cyprus

TOTAL group deposits of the Bank of Cyprus were C£144m. at the end of 1977 compared to C£121m a year earlier. In Tuesday's editions, deposits were stated at C£20m. against C£18.2m. These figures applied to increases during the year and related to the posit of the Cyprus banking companies only.

Leasing group expansion

BY OUR OWN CORRESPONDENT TOKYO, May 24.

DESPITE THE slump in private capital investment, Orient Leasing improved its results for the six months to March, with recurring profits rising 9.7 per cent to Y323bn ($14.4m) and net profits up 11.4 per cent to Y714m ($3.1m).

In order to cover setbacks in traditional lines, such as industrial machinery, the company expanded into new business areas, such as medical equipment and optical precision machinery. At the same time, it strengthened its conservative risk policies by raising the quality of leasing-receivables. As a result, new lease receivables for the year declined by 15 per cent.

However, a large part of the company's lease revenue stemmed from contracts signed in the previous year with much wider margins. Thus lease revenue earned (sales) rose by 11.5 per cent to Y45.65bn.

Industrial machinery accounted for 14.3 per cent of total sales, office machinery (computers) for 39.1 per cent, transportation for 4.6 per cent, retailing and services for 7.8 per cent, electrical and electronics for 5.7 per cent and medical equipment for 6.8 per cent.

Helping the rise in profits was the reduction in interest rates which cut the interest payment burden substantially.

Matsushita Malaysia gain

BY WONG SULONG

PRE-TAX PROFITS of Matsushita Electric Company of Malaysia rose by 45 per cent last year to 8.54m Ringgits ($3.6m), on a 30 per cent increase in turnover to 70m Ringgits. Exports Rose by 55 per cent, underlining the importance of this sector to the company's future growth and profitability.

The company is paying a final dividend of 20 per cent against 15 per cent last year.

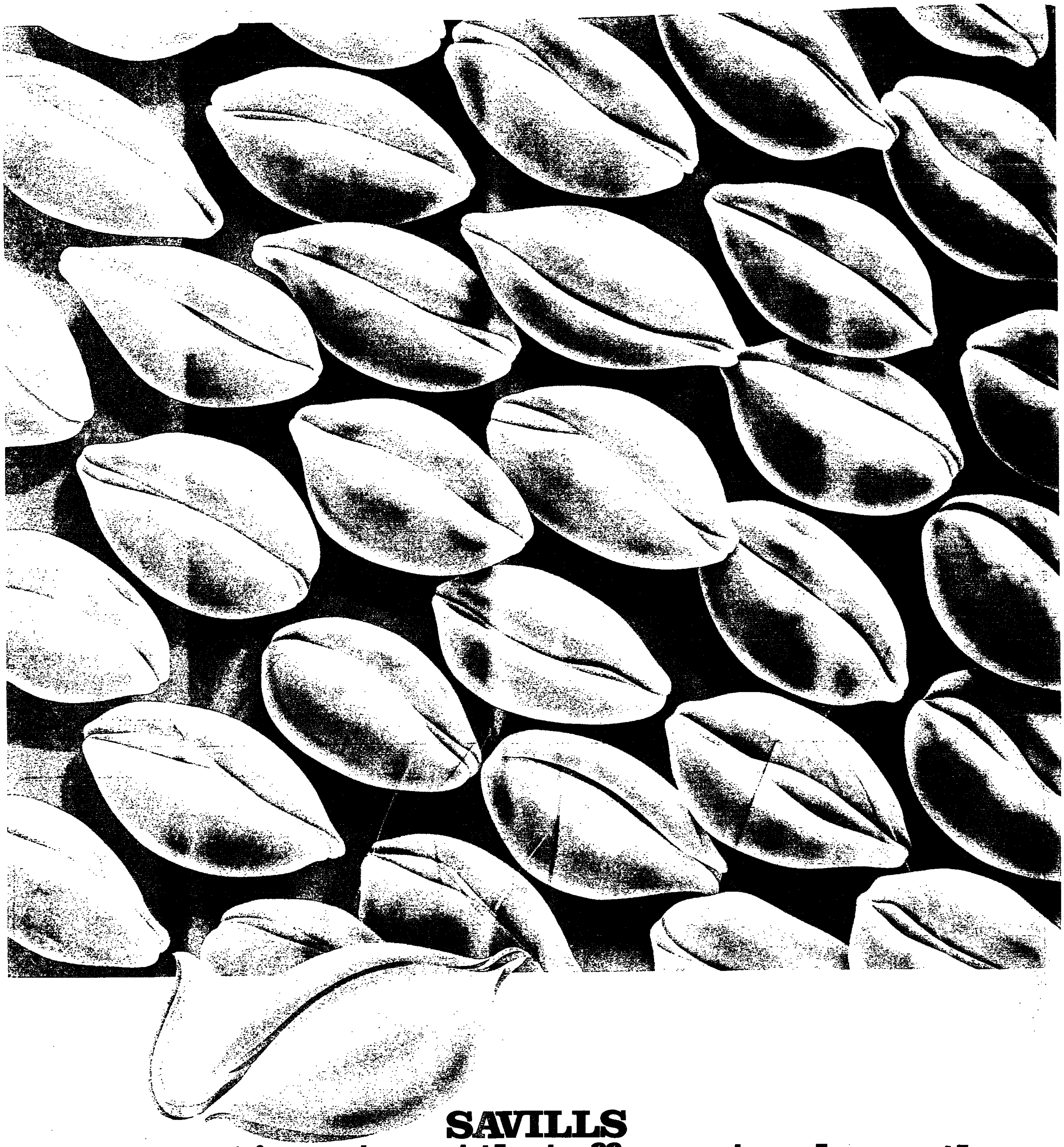
Despite higher labour costs, and more expensive imports from Japan because of the appreciation of the Yen, the company expects to maintain its position as the leading manufacturer of electrical appliances in Malaysia, with its plans to buy more sophisticated and efficient

With the introduction of colour television in Malaysia at the end of th year, the company also expects improved sales in the future.

The parent Japanese company owns 43 per cent of Matsushita Malaysia.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
ATT	$55	6½	—	6¾	—	6¾	—	$60⅝
ATT	$60	1⅞	—	2½	—	2⅞	—	..
ATT	$65	¼	—	½	—	⅞	—	..
Citicorp	$20	4⅞	—	6	—	5½	—	$23⅝
Citicorp	$25	⅞	—	1¾	—	2⅛	20	..
E. Kodak	$40	15¾	—	16	—	15¾	—	$54½
E. Kodak	$45	10⅝	—	10⅛	7	12¼	—	..
E. Kodak	$50	5¾	8	7⅝	—	8⅛	2	..
E. Kodak	$60	1⅛	5	3	4	3⅞	16	..
Exxon	$40	8	—	8¼	—	8½	—	$45⅞
Exxon	$45	4¼	—	4¾	—	5¼	—	..
Exxon	$50	1	—	2	10	2½	—	..
GM	$50	10½	—	10¾	—	11	—	$59⅝
GM	$60	2¼	1	3⅛	1	4¼	—	..
GM	$70	⅛	—	⅝	9	1⅞	1	..
IBM	$240	26	—	27¼	1	32	—	$261½
IBM	$260	10½	15	14¼	2	17½	2	..
IBM	$280	2⅝	38	6⅝	2	9½	3	..
Sears	$20	5	—	5⅝	—	6¼	—	$24⅝
Sears	$25	1⅝	—	2¼	1	3	8	..
Sears	$30	¼	—	¾	1	1¼	1	..
Algemene	F330	26.00	—	28.00	—	29.00	—	F354
Algemene	F340	19.00	—	20.50	—	23.00	—	..
Algemene	F350	10.00	11	12.50	1	18.00	—	..
Amro	F70	7.80	—	8.50	—	9.20	—	F76.50
Amro	F75	3.00	10	4.00	—	5.20	—	..
Amro	F80	1.50	—	2.50	—	2.80	—	..
KLM	F160	32.00	12	35.00	—	38.00	16	F182
KLM	F170	26.00	28	29.00	—	32.50	—	..
KLM	F180	16.50	124	22.00	31	25.00	19	..
Nat Ned	F100	13.80	1	14.00	—	14.80	—	F112.70
Nat Ned	F110	5.50	—	7.50	—	8.50	—	..
Philips	F22.50	3.30	—	3.70	—	4.50	4	F25.20
Philips	F25.00	1.60	7	2.00	18	2.60	23	..
Philips	F27.50	0.40	100	1.10	27	1.80	15	..
R. D. Shell	F120	8.00	—	11.00	3	11.00	—	F126.40
R. D. Shell	F130	2.00	—	4.30	46	6.20	28	..
R. D. Shell	F140	0.50	—	1.20	—	2.30	9	..
Unilever	F110	6.50	—	7.00	7	8.80	3	F113.40
Unilever	F120	0.90	—	2.50	—	[illegible]	—	..
Unilever	F130	0.60	—	1.00	—	1.60	3	..



FINANCIAL TIMES SURVEY

Thursday May 25 1978

Jordan

Caught in the centre of the Middle East's territorial and political problems, and lacking the natural wealth of many of its fellow Arab states, Jordan is none the less achieving substantial growth and development, and is managing to maintain its place as a leading Arab state.

BASIC STATISTICS

Area	36,617 sq miles
Population	2.8m
GNP	JD 535.4m
Per capita	JD 196
Trade (1977)	
Imports	*JD 436.2m
Exports	*JD 83.63m
Imports from UK	£49m
Exports to UK	£2m
Currency: £1=JD 0.563	

* Preliminary Central Bank estimate.

Firm in the hands of Hussein

Anthony McDermott

JORDAN'S REMARKABLE capacity for survival against the odds, and more or less in a single entity, has become one of the accepted truisms of the *Middle East*. The Kingdom's existence is very much symbolised by King Hussein, who has been on the throne for more than a quarter of a century in spite of countless challenges to and attacks on his throne and person, longer than any other Arab leader. And in spite of newly-acquired greying and ageing beard, he is a mere 42 years old.

The fact of Jordan's survival is the more remarkable because it is essentially a country without a historic centre. This was emphasised by Israel's occupation of East Jerusalem (and the rest of the West Bank), and by the fact that Amman, although rapidly turning Jordan—against planners' wishes—into a city-state, is a capital without the character of Cairo, Riyadh or Damascus.

The secret of Jordan's durability stemmed in its early years from having friends in the West who were on occasions prepared to intervene on its behalf physically. Since then, King Hussein has learned three main lessons: when to act powerfully in the interests of his own survival; when to adopt a low and retiring profile; and when to launch modest initiatives.

The military drive in 1970-71 against the Palestinian guerrillas who seemed to pose a dire threat to the throne was one example of King Hussein's determination to act decisively in the interests of self-preservation, and with force if necessary. In spite of the violent treatment of the Palestinians in the Lebanese civil war, it is still King Hussein's crushing of the Palestinians then which is most held against him in the Arab world. Since 1970, King Hussein and Mr. Arafat, the leader of the Palestinian Liberation Organisation (PLO) have met only once, in Cairo in March 1977—the culmination of a Jordanian-PLO dialogue which has since effectively died out, in spite of further contacts at lower levels this year.

The low profile approach has been perhaps the most frequently adopted posture, directly as a result of becoming the most identifiable hate target for other Arab states (a role now taken over by President Sadat of Egypt since his visit last November to Jerusalem), and partly because of Jordan's economic and strategic weakness. But perhaps the most significant example of how these tactics have paid off came after the Arab summit in Rabat in October 1974. There the Arab states recognised "the PLO in its capacity as the sole legitimate representative of the Palestinian people over all liberated territory."

King Hussein was clearly hurt by this decision, which he accepted, but he shrewdly calculated that, even though the PLO appeared to have arrived on the international scene and at the UN, its chances of regaining the West Bank by itself, were extremely limited—the more so since the election which brought Mr. Menahem Begin to power in Israel.

Mr. Begin's advent to power has increased King Hussein's concern about the limited possibilities of a peace settlement being found to the Arab-Israeli conflict. Indeed he told a group of American businessmen in March that "our feeling has always been since the (Israeli) elections that the choice was very clear to the Israeli electorate: territory or peace, and probably a substantial majority of Israelis opted for territory as opposed to peace. What we have witnessed and seen during the last few days (Israel's invasion of south Lebanon) does not encourage us at all, and although I've always been an optimist, I really am very worried about what I see at this stage."

Aid

Nevertheless, far from washing its hands of the West Bank, Jordan has continued to give aid to that area, officially amounting to JD 48.9m ($156.7m) between the war of June 1967 and the end of last year. This was broken down into loans by commercial banks worth JD 2.2m, frozen loans from credit specialised institutions worth JD 3.6m; government cash transfers to West Bankers JD 5.4m: and government salaries and rents JD 37.7m. In fact, Jordan's aid to the West Bank may well be higher. Contacts with the West Bank are conducted through Mr. Adnan Abu Odeh, the Information Minister, who is in charge also of the Department of West Bank Affairs.

After the Rabat summit, there followed a series of events which illustrate the third theme in Jordan's survival—its ability to make modest comebacks. Syria was fearful of being isolated by Egypt's agreement with Israel over Sinai in 1974-1975, and at the same time sought out Jordan as a potential ally. Some limited progress has been made economically to cement this relationship, although at present they are at political odds. But it has meant that King Hussein has had breathing space within which to take two initiatives.

One, the circulation of a position paper aimed at reforging Arab unity is discussed in the article on foreign policy. The second is the establishment of a National Consultative Council, very much the brainchild of Sharif Abdel-Hamid Sharaf, the Chief of the Royal Court, and Mr. Mudar Badran, the Prime Minister.

The opening of the NCC may well have been speeded up by the demonstration by Palestinians in March leading to clashes with the police and, according to official reports, the deaths of six people. This demonstration was not so much against the Jordanian Government as an expression of frustration at the Israeli invasion of Lebanon. It signalled too that there are within Jordan a large number of people — Palestinians — whose first allegiance is not to the Hashemites. It made the additional point that it was necessary to create a political body to replace the lower House of Representatives suspended in *November 1974*, half of whose 60 members were drawn from the West Bank. The excuse that the current difficulties of the Middle East situation, particularly since the Rabat summit conference and Mr. Sadat's visit to Israel, were preventing some sort of political evolution in Jordan was wearing increasingly thin.

Thus, on April 24 King Hussein opened the 60-member NCC, deliberately not in the new building for the suspended lower house. Some in Jordan have argued that the King missed an opportunity to hold overall elections. But the main point about the NCC is that it is a domestic East Bank organisation (even though it contains within its broad mix of professional representatives, politicians of a wide range of views, tribal leaders, and, above all, three women), containing at the same time about one dozen members with identifiable links with the Israeli-occupied West Bank. But the Government was acting under two major restrictions. The first was that the resolutions of Rabat essentially excluded any political organisation in which the PLO (as political rulers of the West Bank) would not be playing a formal part. Secondly, Israel continues to occupy the West Bank (and refuses to have anything to do with the PLO). Others criticised the NCC on the grounds that its members were largely in sympathy with the Government, and that, because it was appointed, the King had the ultimate right of hire and fire.

It remains to be seen how effective the NCC is to be. Sharif Sharaf in a television interview last month gave one definition of its role in saying that "the King envisages this experiment as a step in the direction of dialogue and consultation and more participatory government than administrative improvement." Sharaf said that the law had defined the powers of the NCC as "First: every law or every legislation has to go through the consultative council which has to give the Government its opinion. Secondly: the council itself can propose legislation or can propose the annulment of legislation or the amendment of legislation. Thirdly: the council can discuss public issues, or public policies in various areas. Fourthly: the council can look into the various services of the Government and ask questions and discuss these issues."

The key question will be the extent to which recommendations will be accepted. But an indicator of the exploratory nature of the NCC was given by Sharaf himself when asked about press coverage. He made the point that "We don't have censorship, but certainly our press people take into account the need to co-operate closely with the Government. . . they will be restricted by their own sense of responsibility in reporting proceedings, much as. . . members of the council ought to restrict themselves by their sense of responsibility from bordering on the negative and merely probable or even the destructive . . ."

Palestinians

This political approach has, of course to be tempered by the Palestinian presence on the East Bank which may constitute as much as two thirds of the population. Government officials with considerable justification maintain that to draw a distinction between Palestinians and "bedouins" is artificial. Firstly, this is because all are classified as Jordanians. Indeed, Jordan has been the only Arab country to grant passports and full nationality to all Palestinians. Secondly, of the "bedouin" only one third are still migratory. However, there is no denying the fact that King Hussein depends heavily on the predominance of the "bedouin" element in his armed forces and their traditional tribal loyalties to the Hashemite throne as the *ultimate guarantor of his continuing in power*. He returns this loyalty by acting very much as his own Defence Minister (nominally Mr. Badran) and taking a very close interest in the programme to re-organise and modernise the armed forces.

The question of the Palestinians on the East Bank is itself complicated. The attitude they take towards the Hashemites is conditioned by whether they arrived before 1948, of their own accord; whether they arrived afterwards partly as refugees and partly whether they then established themselves within the country's administration or in commerce; whether they arrived after 1967, again as refugees or not: and also whether they perhaps come from families with connections still on the West Bank or even in Israel itself. Furthermore, the attitudes of each of these groups have been coloured by their economic status, and their reactions to the events of 1970-71, the Lebanese civil war, and the Israeli invasion of Lebanon.

Essentially, the domestic and pan-Arab pressure is off Jordan for the moment. As a result, it is able to enjoy a period in which it has externally permitted itself a modest diplomatic initiative, calling for greater Arab unity. At home, King Hussein has been able to steady the economy and attempt to build it up to cope with longer term considerations, and politically to construct in the NCC an interim political organisation. It is enjoying a breathing space before the diplomatic moves in the wake of the apparent failure—or at the very least, deadlock—of the Sadat initiative work themselves out.

Steadier economic course

AFTER A DECADE of weakness and fluctuation, Jordan's economy is beginning to settle down and establish institutions which should enable its future to be steadier and easier to control than in the past.

The reasons for the former weakness and today's comparative strength are characteristic of Jordan's position as a whole in the Middle East, exposed as it is to whatever political or economic winds blow in the area. Thus between 1967 and 1973, Jordan lost the West Bank as a result of direct involvement in one Arab-Israeli war. It then suffered from subsequent bombardments along the Jordan Valley and the 1970-1971 civil war in which King Hussein crushed Palestinian forces in the country. It suffered again, indirectly, from the 1973 war. In losing the West Bank to Israel, Jordan forfeited an area contributing 45 per cent of the GNP, one third of agriculture, two-fifths of wholesale and retail trade and over half the country's contribution to services. (And since 1973, the West Bank has been excluded from Jordanian GDP data.) Furthermore some 300,000 refugees streamed over the Jordan river almost doubling the number of Palestinian refugees already on the East Bank. In addition, Jordan has often been politically unpopular in the Arab world—and has suffered for it economically.

Political fortunes have by the same measure accounted for Jordan's recovery. First, it has benefited from the growth in the wealth of the oil producing countries. Secondly, the civil war in Lebanon and protracted political uncertainty there has led to many businessmen and financiers shifting their offices and centres of operation from Beirut to Amman. Thirdly, Jordan has in recent years been enjoying greater political stability at home and acceptance in the Arab world. On this foundation Jordan's economic managers have — within the constraints of a free economy in a developing country — started to build up the means of making the country more prosperous, to encourage private capital into less immediately profitable areas, and to move towards making the economy — in the long run — more independent than it has been in the past.

In recent years as figures for the real growth in Gross National Product (GNP) indicate, the behaviour of the economy in boom years has been as erratic as it was in the bleak earlier period. For example in 1974 it rose by 10.7 per cent, fell back in 1975 to 6.9 per cent, and then rose by 25.8 per cent. Last year the growth rate was expected to reach 10 per cent and to decline to between 6 and 8 per cent for this. The 1976-80 development plan puts the annual GNP growth rate at 11.5 per cent.

Resources

The underlying fact is that Jordan — more than ever since the occupation of the West Bank — is a small country with meagre natural resources. As a result it is extremely dependent on aid and grants to finance its trade gap, and budget: to permit the development of the economy; and to pay for military expenditure.

This year, the main contributions in aid and grants will be $104m from the U.S. (compared with $82m in 1977) composed of $42m in budgetary support, $46m in capital long term loans on soft terms, $5m grant project assistance and $11m from PLO 480 food programme. West Germany agreed in April to provide technical and financial aid worth DM81.2m.

Such, however, are the terms of the aid Jordan receives, it has in comparison with other countries only a small debt service ratio. For example, in 1976 debt service payments on external public debts of JD126.9m amounted to JD8.25m on 4.5 per cent; this year Jordan is expected to pay debts amounting to JD8.9m against overall debts of JD143.2m—a ratio of 6.2 per cent. This ratio is expected to rise to 10 per cent in 1980.

The pattern of this aid is changing. Both Saudi Arabia and the U.S. are moving away from untied grants to aid connected to specific projects (although Jordan has never been as wasteful as say Egypt in its use of money from outside). Jordan is aware of this and is gradually trying to reduce this dependence, but it will take a considerable time.

But the budgetary exercise each year underlines Jordan's basic vulnerability. Expenditure this year is to reach JD371.8m or $1.2bn (up 9.6 per cent on the year before), and revenue JD356.8m (or JD44m or 14.1 per cent up on the previous year). The deficit of JD15m (or $48m) is to be covered by domestic and foreign borrowing. But every year, Jordan suffers from not being able to use its budget as more than a general indicator of its priorities and intentions (this year for example the armed forces and public security forces are to receive JD95m—$304.5m and civilian services JD85.2m — $273m) because of the doubts about the timing and arrival of Arab aid. The budget this year was published one month late and it was reckoned that it would be lucky to obtain all the JD103m in foreign financial aid it was hoping for.

There are elements of Jordan's economy which are almost an embarrassment, causing aid and grant suppliers to wonder whether it requires as much support as it receives. For example, foreign currency reserves have been accumulating powerfully (in part as a deliberate hedge against declining aid receipts). According to the Central Bank of Jordan, they rose by 36.4 per cent over the 12 months ending last February, when they stood at JD 225.4m ($722.5m). They may well rise this year further to a level covering more than seven months' imports. At the same time, Jordan's balance of payments has been in surplus for some years. The surplus in the balance of capital and current accounts was JD 3.80m ($12.2m) in 1973, rising to a peak of JD 27.34m ($87.6m) in 1976, and, according to preliminary estimates, falling to JD 2.89m ($9.3m) in 1977.

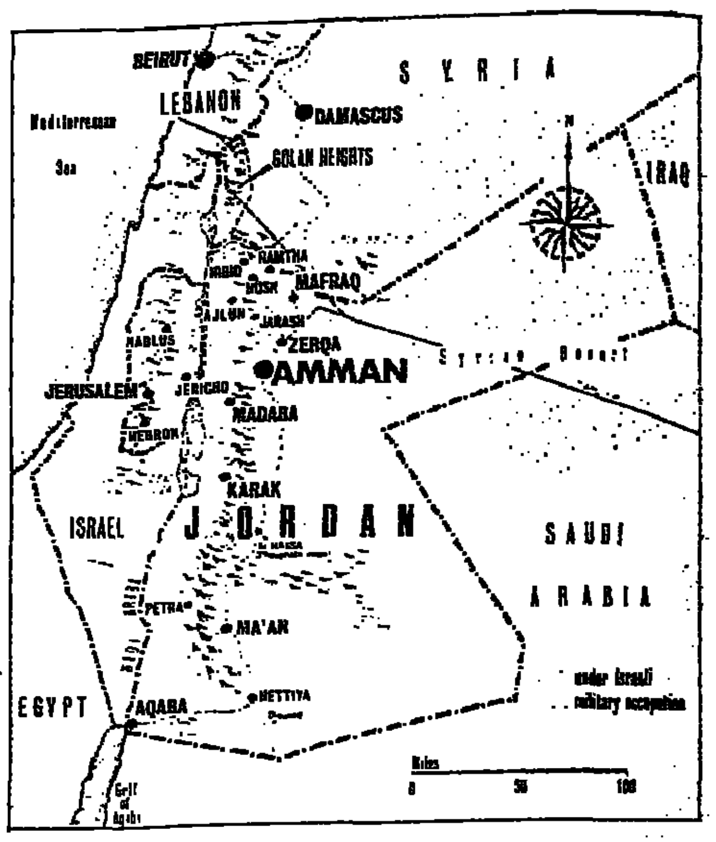
The main outflow results from the balance of trade whose deficit has risen from JD 88.82m ($284m) in 1973 to JD 352.57m ($1.13bn) last year, even though in exports fruits and vegetables—particularly as off-season supplies—to neighbouring countries have been impressive compared with the stagnation in receipts from phosphates caused by the decline in international prices.

The resource gap has been covered primarily by the enormous increase in workers' remittances—JD 14.70m ($47m) over the same period to JD 143.75m ($460.7m.); income from tourism — up from from tourism—up from JD 10.71m ($34.3m) to JD 95.21m ($305); and capital transfers. The latter have risen from JD 64.60m ($207m) in 1973 to JD 153.75m ($493m.) in 1977 (three-quarters of which came from Arab governments and one tenth from the U.S.). However Mr. Najmeddin Dajani, the Minister of Industry and Commerce, has said he expects the overall surplus to fall this year as payments for development projects start to become due and the income from remittances to level out to about $500m. (In fact the Central Bank may well be underestimating the total value of remittances to the economy — which do not all pass through its hands — by about half.)

Inflation

Between 1973 and 1976 inflation was largely the result of import prices and excess liquidity in the domestic economy caused by an increase in government expenditure without a parallel rise in domestic revenues; the inflow of workers' remittances, and the rise in bank credits from commercial banks which rose by 44.6 per cent in 1975 and 51.3 per cent in 1976. Thereafter wage rises—they have more than doubled in the last three years—as a result of the net emigration of labour and the cost of food and vegetables — in response to demand from abroad — have been major factors. However, it is estimated that because of the levelling off in wages and improved harvests the inflation rate could fall this year.

The article on the 1976-80 Development Plan indicates, after two years, a broadly satisfactory performance. It has reinforced the Government in its view that in the wake of the "boom," the time has come to take initiatives to stabilise the economy, promote institutions and incentives to involve the private sector in productive enterprises, and to stimulate foreign investment.



In addition, Jordan will have further recourse to the Euro-dollar markets to bring its borrowings, since the first loans in April 1977 of about $80m, to nearly $200m. The Central Bank disclaims responsibility for inflationary pressures since 1976, saying that it took such measures as imposing ceilings on credits, and credit-deposit ratios. These have, however, since been relaxed to encourage the innately conservative commercial banks to be more adventurous in making available credit for productive purposes.

Thus in 1976, while general commerce and trade took 44.4 per cent of outstanding commercial bank credit, followed by the construction and purchase of land and buildings 16.8 per cent and industry 11.8 per cent in 1976, at the end of February this year the proportion held by trade had fallen to 39.4 per cent, that of industry had risen to 13.2 per cent. Construction's share was up at 18.4 per cent, but this is down on the 1975 peak of 21.6 per cent. Some further encouragement of a shift away from trade and real estate can be taken from the fact that whereas in 1976 201 industrial licences were issued of which 79 were construction-related, while last year only 25 out of 114 fell into the same category.

In addition, in 1977 the Central Bank issued development bonds worth JD12m of which 65 per cent were bought by the public sector. At the end of this month JD5m second issue goes on sale (with an interest rate of 8 per cent for the public, 2 per cent more than rate available for others).

A key role is being played by the half dozen specialised credit institutions covering agriculture, industry, housing, co-operatives, pensions and villages, financed by private equity participation, government and Central Bank loans and concessionary foreign loans. To co-ordinate and regulate their operations the Development Credit Council has been set up under the chairmanship of Crown Prince Hassan. Of these banks, the Industrial Development Bank has made a major contribution, exceeding its lending to about 30 per cent more than it was supposed to during the first two years of the Development Plan.

At the beginning of the year, a new financial institution, the Stock Market opened in Amman to replace the small volume of private equity share transactions (Government bonds being handled by the banks). Its operations are restricted initially to Jordanian stocks, shares, and bonds, and as there are only some 170,000 shareholders in Jordan, the volume of transactions has been small. It rose from JD 153,000 in January, to total during the first quarter JD 643,000, while daily transactions have risen by 107 per cent, over the period. It is intended that the stock market should provide a new source of funds for and a means of focusing attention of the public on the activities of companies, of whom there are 100 listed with public shareholding but of which by the end of March only 37 had been registered with the Stock Market.

Earlier this year, as part of Jordan's hopes of establishing a developing capital market the Arab Jordanian Investment Bank, with potential for medium and long-term financing operations, was set up as the first merchant bank-type institution—followed later by two others, the Jordan-Gulf Bank and Petra Bank.

Jordan has also been striving to encourage foreign investment. A number of foreign investment laws have been published, first in 1952 and latterly in 1973 and 1977. In April an investment guarantee agreement was concluded with Britain, the fourth after similar ones with West Germany, Switzerland and France. The Central Bank, even though aware of Jordan being possibly overbanked, is encouraging Jordanian and Gulf banks to attract money from that area. This year exchange controls have been eased to permit Jordanians to hold foreign bank accounts (up to JD 5,000 per person) in Jordan, and to continue to hold foreign currency accounts opened while abroad. To stimulate local industries, restrictions on the import of raw materials, particularly those to be processed and re-exported to Arab countries were removed. Non-Jordanian Arabs were permitted to purchase shares in Jordanian companies without restriction.

In spite of this marked improvement in the economy, Jordanian officials have few illusions about the size of their task—for example, they expect no real improvement in the balance of trade until the mid-1980s. But they do take encouragement from the opportunities they have had to begin laying the basis for an economic structure to serve not just Jordan, but also the region. As one summed up, "We hope to be mentally not a developing country—but economically we are."

Anthony McDermott

Tense border and regional affairs

IT IS A TRIBUTE to the quick-wittedness and soft spoken determination of Jordan's monarch, King Hussein, that he has remained on the throne for 25 of the most turbulent years of the Middle East. During this time he has managed to keep the Hashemite monarchy alive surrounded by enemies who at best want to whip him into a line inimical to the interests of Jordan and at worst are after his scalp.

His foreign policy—or at any rate the tactics (because one cannot honestly speak of a Jordanian strategy) which guide it—have been governed by a remarkable ability at political improvisation.

"Whenever Jordan is presented with options 'A' and 'B'," he told a recent visitor, "we look for option 'C.'" With the exception of the Hashemite struggle for survival in 1970 when King Hussein ruthlessly attacked a threatening Palestinian guerrilla movement, the Jordanian regime never picks a fight.

Equally when the backcloth against which Jordan survives becomes troubled, such as it is at present, King Hussein studiously avoids taking sides and, wherever possible, seeks a compromise. Unrest in a hopelessly split Arab world often provokes unrest in Jordan. This is partly because Jordan is vulnerable—it has the longest frontier with Israel—but largely because a large proportion of its population is Palestinian. And the Palestinians are as good a barometer of unrest in the Middle East as any other single element.

The recent, apparently spontaneous, riots by young Palestinian elements in Amman protesting at the Arab world's inability to react to Israel's invasion of Southern Lebanon at a time when Israeli diplomats were in Cairo talking peace with President Anwar Sadat, was a perfect example of this barometer at work.

Equally, King Hussein's reaction to these events was a textbook Jordanian foreign policy move. Shortly after senior Jordanian officials fanned out across the Arab world with a detailed and reasoned reconciliation plan in an effort to promote an Arab summit. Jordan was not affected by the Israeli incursion into Lebanon. Neither has it been directly involved in the Sadat peace initiative any more than it is affected, in any immediate sense, by the resulting quarrel between Syria and Egypt. But Jordan felt the shock waves and instability, whether inside or outside the country, is something which the Hashemite regime can ill-afford.

The Jordanian plan is a remarkably clear blueprint for Arab co-operation in the political, economic, diplomatic, military and information fields, concentrating on strengthening the standing of the "confrontation" states with Israel. Apart from calling for an Arab summit, it presses for co-ordination amongst Arab states to be stepped up so that overall unity in terms of the Arab-Israeli conflict would not be damaged by bilateral Arab disputes. It also calls for the Palestine Liberation Organisation (PLO) to be separated from the direct influence of individual Arab governments.

Exhortations

"If the Arabs had any sense they'd take a long, hard look at it," one senior diplomat in the Jordanian capital remarked.

But Jordan's exhortations fell on deaf ears. One Syrian official in on the talks with King Hussein's envoy, Sharif Abdul Hamid Sharaf, chief of the Royal Court and King Hussein's key adviser, described the initiative as "nonsense." He could hardly have done otherwise at a time when the Syrian press was, as it still is, calling for President Sadat's overthrow.

Elsewhere the plan was listened to attentively but, not unfairly, regarded as premature. "Mind you," commented one top Jordanian adviser, "it would have been a different matter had the plan been hatched in Riyadh or Cairo." Perhaps so, but the fact is that the Arabs, never united at the best of times, are not yet ready for compromise.

Throughout the days when the Sadat peace initiative stood its best chance of taking root King Hussein came under intense pressure, particularly from the United States, to join the direct talks with Israel. At one point there were strong rumours that the King was seriously considering this option.

But even a superficial analysis of the Jordanian posi-

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Plan starts to yield results

JORDAN'S SMALL size makes it conducive to centralised planning but the economy's heavy dependence on the private sector precludes too much government control in charting the course that the development effort should take.

The result of this fundamental contradiction has been a successful middle course, in which the state's young, plan-happy technocrats establish guidelines. Within these the private sector is encouraged to proceed by a combination of incentives and inducements, such as tax holidays, low-cost land and the provision of essential services, such as water and power.

Judging by Jordan's performance today—exactly half-way through the current 1976-1980 five year plan—one has to look favourably on both the country's approach to developmental planning, and its achievements. Overall the country's continuing successes over the past few years speak for themselves.

The current five-year plan is the latest and most dramatic example of the dominance of the private sector. Of the total planned investments of JD765m ($2.5bn), just over 50 per cent — or JD383m is supposed to come from private sector sources. And of the government share, the bulk comes from long-term concessionary loans or grants from abroad.

Partnership

Given this reality of a planning-conscious government which is also cash-poor, the planning effort in Jordan has evolved into a close partnership between the public and private sectors—what one former government minister calls "a reflection of the concept of family" that pertains in the country.

The Government takes the leading role in large-scale economic planning of infrastructural projects which are beyond the means of the relatively small and conservative private sector. These include the airports, the sole port at Aqaba, telecommunications and water projects, and productive schemes such as Jordan Valley irrigation projects, the Dead Sea potash plant, the chemical fertiliser plant at Aqaba and the mainstay of the economy over the past few years—the Phosphate Company.

The recent movement into projects on a far larger scale than ever before attempted in Jordan—such as the potash, Jordan Valley and fertiliser schemes, which will require a total of over $1bn to get under way—has meant that international lending institutions and Arab aid funds have been called on to play a larger role than before in key projects. The fact that Jordan has never had any difficulty in finding international financial backing—in both equity participations and concessionary loans—is in itself testament to the fundamental strength of Jordan's developmental drive.

For the first two years of the current plan, government capital investments have been running slightly behind schedule, but private sector spending has far exceeded its targets, particularly in such sectors as construction and tourism.

The plan anticipates a high annual growth rate of 12 per cent of gross domestic product, and this has nearly been achieved, with the annual increase in GDP over the past two years averaging about 10 per cent in real terms, according to preliminary estimates.

The current plan generally aims to increase the government's reliance on domestic revenues, decrease its dependence on external budget support and reduce the trade gap. While Jordan does not expect to be totally self-reliant by 1980 it does hope to be moving more vigorously in that direction.

This is expected to happen by raising the relative share of mining, industry and manufacturing in GDP while lowering the relative share of trade and services. This trend has in fact been followed during the first two years of the plan, and is expected to continue with the increasing willingness of private capital to find its way—often by the prodding of Government inducements—into productive sectors such as export-oriented industries and agriculture.

The slowly-increasing sophistication of the banking sector and the opening of the Amman stock market this year are just two of the means by which private capital is finding the institutional framework within which it can be channelled into productive investments instead of gravitating naturally towards quick-profit ventures in commerce and land speculation.

Testament

The brisk growth of the country's five specialised credit organisations—particularly the housing bank and the industrial development bank—is also testament to the development of domestic institutions which are proving themselves "credible," as Crown Prince Hasan calls them, as vehicles for the mobilisation of domestic resources.

The recent establishment of two high-powered ministerial-level bodies—the Development Credit Council and the Ministerial Committee for Development—has reflected the recent realisation that the implementation of the development plan has to be monitored much more closely. There has been a traditional feeling in Jordan that monetary expenditures necessarily reflect physical implementation or projects while in fact there is a large lag between the two that has only recently been appreciated.

There is also a new willingness in Jordan to implement the plan with more flexibility, postponing or slowing down some projects—such as the copper mining pilot project or the second cement factory—if overall priorities dictate this.

In any case the plan is seen by senior officials as "indicative" of where Jordan should be heading. This is in part due to the traditional and lingering heavy dependence on external budgetary support, which makes capital expenditures by the state hard to plan too far in advance.

Domestic revenues now cover only 75 per cent of recurring government expenditures, and the Finance Ministry is working on the assumption that Jordan will require $180m every year in foreign budgetary support. This is, of course, always vulnerable to the fickleness of political ties, and there have been some worrying signs this year that the high level of foreign budgetary support, such as from the U.S., may drop slightly in favour of developmental assistance tied to specific projects.

There is also a realisation that the top priority concern of the government—fighting inflation—may require slowing down some parts of the development plan according to the dictates of tighter monetary policies.

But overall, Jordan's planning strategy—like the state itself—has proved to be prudent and realistic as the biggest projects in the plan are now approaching full implementation, it is expected that more dramatic results will be achieved in the second half of the plan than during the first half, particularly in agriculture, industry and mining.

It is likely that regional events beyond Jordan's control, both political and economic, will continue to push the domestic economy in directions not wholly of its own choosing. But the difference today over 10 years ago is that Jordan's domestic economic and political situation is much sturdier, and correspondingly more able to withstand the buffeting it will continue to get from its central position in a turbulent region which has always made the task of the planners difficult.

Rami G. Khouri

Business centre

WHEN JORDAN passed special legislation in late 1975 to encourage international companies to establish their Middle East regional offices in Amman, the rush of nearly 150 companies wanting to open such offices put a temporary strain on the already overtaxed telephone and telex network.

When Government officials realised the shortcomings of their capital's business infrastructure, senior officials, including ministers and the governor of the Central Bank, voluntarily gave up their private office telephone lines to enable some of the new regional offices to get telephones immediately, as promised in the new legislation. This is a good example of how Jordanian officials are trying to come up with temporary solutions to the bottlenecks which emerged during the economic frenzy of the past three years.

Furthermore, the middle ground between the avid demands of the international business community for efficient services and the capacity of Amman's limited facilites to cope appears to have emerged at last.

In its desire to be a more potent regional business centre, Jordan needs time more than anything else. It has most of the attributes required of a good regional commercial centre, but it has also realised that its long-term role is that of one of a series of such centres scattered throughout the Middle East and Europe. As a result, Jordanian officials have now toned down their previously boastful claims to be an ideal relocation site for those companies fleeing the Lebanon, and have settled into a more realistic pattern of encouraging and welcoming the establishment of regional offices, but not clamouring for them.

The interesting thing is that some companies, moving into the Middle East for the first time, are choosing Amman as their base, after reviewing the alternatives.

This is welcomed because it demonstrates that Amman is indeed a good centre to set up shop in, and it helps tone down lingering feelings that Amman can only build itself by taking away business from Beirut. One such company that moved straight into Amman is the big American consultants, Wilbur Smith, and Western commercial sources in Amman say this trend is increasing.

But time is what Jordan needs now because it will take another year or so for some of the big telecommunications projects to come into service, and take away the biggest headache for some of the regional offices that are here. These projects include new telephone and telex systems, most importantly, along with water projects that will make Amman one of the most tolerable places in the Middle East to live in.

Of the 150 or so companies which flocked into Amman in 1976 and 1977 over 100 remain. The rest have either returned to Beirut, moved permanently to Athens, or scattered their operations throughout the Middle East and their home offices in Europe or North America.

Consensus

The consensus among those who remain is that Amman is a comfortable, efficient and very hospitable city, but that it sometimes lacks the technical depth that an inernational business operation requires today. In printing, translation, banking services or local consulting talent, for example, Amman is unable to match what Beirut used to offer.

Its attractions, however, are that housing and office space is readily available and has returned to reasonable prices, after the exorbitant price increases that accompanied the 1976-77 boom. Communications are good, particularly to Europe and the U.S., though less good when one wants to telephone Abu Dhabi. English is widely spoken and there is an open business atmosphere, where senior officials are readily accessible. There is an atmosphere of genuine hospitality which is difficult to better anywhere in the Middle East: and compared to the Gulf States for example it is a very pleasant place to base a family as well as an office staff.

The 1975 legislation offers a series of tax and tariff exemptions on personal and office property brought into Jordan, income for expatriate staff and profits earned outside Jordan.

The Government of Jordan has taken a tough new attitude to regional offices, and the Ministry of Trade and Industry, which oversees this, rejects one out of every three new applications to set up regional offices in Amman. This reflects a growing Jordanian awareness that some of the regional offices are no more than part-time operations designed to take advantage of tax benefits more than anything else.

There are mixed feelings among those regional office managers already in Amman. Some say that the location and facilities of Amman are ideal for covering Syria, Iraq, Lebanon and Saudi Arabia, but not for an office that is responsible for major operations in the entire Gulf region and North Africa.

The latter type of wide-ranging operation is probably best handled out of Athens, or even London, some foreign businessmen say, simply because of the travel and communications advantages involved when one has to make a sudden trip to, and hotel reservations in, four countries within five days.

By contrast, if a consulting company wants to base a team of engineers in the Middle East to provide back-up for work being done in the Gulf area, Amman is an ideal location for that kind of more limited operation.

The telephone and telex shortages are almost a thing of the past, and Amman has probably picked up all the business that it ever will from Beirut. It has now emerged, with Bahrain, Cairo and Cyprus, as one of a series of Middle East centres which offer particular advantages for a particular kind of business operation.

This is testimony more to the combination of facilities that Beirut used to provide, than a reflection of the limitations of any of the other capitals of the Middle East.

Rami G. Khouri

Border

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tion would have revealed this to have been an enormous and foolhardy risk to take. Apart from the fact that Jordan must always keep a close eye on its Palestinian population, how could King Hussein have sat down to negotiate with Israel at a time when its Prime Minister, Mr. Menahem Begin, was rewriting United Nations resolution 242? This calls for Israeli retreat from Arab territories, however, Mr. Begin now argues this does not apply to the West Bank.

For all the Arab world's realisation that Jordan still holds the key to the West Bank, the matter of its negotiated return can never be an exclusively bilateral matter between Jerusalem and Amman. The Rabat Summit resolution of October, 1974 which effectively handed what was once Jordanian territory to the PLO—with King Hussein's approval—cannot realistically be wiped off the record.

Another factor governing Jordan's limited response is its newly forged relationship with its neighbour Syria. True the road to unity—loudly proclaimed but probably misunderstood by the rest of the world—is blocked. But cooperation continues in several important economic and social fields. Both countries have a lot to gain from joint economic ventures. The two economies are not exactly contiguous but joint free trade zones, joint electricity, rail, road, mineral exploitation and communications projects make sound sense, even if progress so far has been limited.

There is, of course, no question of political unity. "There is a realisation in Amman that the Syrian Ba'ath Party cannot have the long-term survival of the Hashemite monarchy at heart" is how one diplomat put it. Military co-operation between Moscow and Washington supplied armies also has its limits. But the two countries do have common interest and it is difficult to see how King Hussein can now act with total disregard for the wishes of the Syrian regime. This is underscored by a conviction in Amman that Israel will strike at Syria through Jordan in another Middle East war.

The next few months will be crucial for the Middle East. The area will have to be steered carefully in between the consequences of a complete failure of the Sadat initiative and the possible over-reaction of an insecure Israeli Government to pressure from the U.S. These are the events in which Jordan may not play a direct role. But, like it or not, it will have to be ready to face the consequences with its customary agility and survival instinct.

Alain Cass

The labour market

LABOUR continues to be Jordan's most serious constraint on development and economic growth, as well as the primary fuelling force behind inflation. But after two years of confusion on the labour market, Jordan's planners have now settled down to a two-pronged approach, concentrating on closer regulation and monitoring of labour movements, and, more importantly, on an increased effort to attract and supply more labour.

Jordan's dilemma is that it has produced a body of educated and skilled workers which is in high demand throughout the Arab oil-producing states. At the same time, it is philosophically committed to an open economic system. Thus it rejects out of hand the sort of restrictions on labour emigration practised in some other countries. The signs are that as Jordan's economic performance improves and as the boom on the Arabian Peninsula slows down, the balance may be tipping gradually back to Jordan.

Nevertheless the result has been a high emigration rate to jobs which may pay four or five times the salaries in Jordan, something that was welcomed when unemployment hovered near the 15 per cent mark in the early 1970s. But now with Jordan's own development drive picking up, as it has been for the past five years, demand for skilled workers at home is also high, and unemployment has been reduced to the negligible levels of one or two per cent.

The simple statistics of the labour picture are dramatic. According to official figures, there is a domestic work force of some 400,000 today, while an additional 250,000 Jordanians are working abroad.

There are positive sides to the labour outflow, primarily the high level of remittances sent back (at least $600m a year at current rates), and the fact that when workers return home they do so equipped with advanced experience in their fields.

But the small Jordanian population of 2 million (on the East Bank) has not been able to keep up with the demand at home and abroad for skilled and semi-skilled workers, with the result that continued high labour demand has pushed up wages significantly over the past three years—thereby also pushing up costs and prices in general.

Free-market forces have plugged some gaps in the labour picture by importing unskilled and some skilled workers from other Arab countries, primarily Egypt and Syria, as well as from Pakistan and South Korea. Labour Ministry officials say there are over 70,000 immigrant workers in Jordan today, mostly Egyptians, Syrians and Pakistanis. More important, they expect that every Jordanian who leaves for work abroad now has to be replaced directly or indirectly by an imported worker.

To monitor and regulate this two-way flow more coherently, the Ministry has embarked on a programme of signing strict bilateral labour agreements with, most importantly, Pakistan, Saudi Arabia, Libya, Kuwait, Egypt and the smaller Gulf oil producer states.

The first agreement was signed with Pakistan earlier this month but is meant primarily to monitor the inflow of Pakistani workers, as Jordan does not export workers to Pakistan.

Similar accords are expected to follow this year with the key Arab states which exchange labour with Jordan. In an effort to keep close account of exactly what kinds of and how many Jordanians are working abroad, and parallel data on imported workers who have to fill in the shortages and gaps that have appeared in some key sectors of the Jordanian economy—particularly among skilled engineers, foremen, electricians and the like.

While the Labour Ministry will not prohibit workers from leaving—as is done in Syria, Libya and Iraq—it will institute a tighter registration procedure for outgoing workers, which will include a more vigorous effort to spell out the opportunities at home that the worker may not be aware of.

The Government, in planning worker training programmes and projecting future labour trends, estimates that nearly one-third of new eligible workers will emigrate, and has built this assumption into the programmes of the new Vocational Training Corporation.

Women

The other area where the supply side of the picture is getting much emphasis is in encouraging more women to enter the labour force. Part of Jordan's labour shortages are due to a very low participation rate by women, and also by the fact that 50 per cent of the population is under the age of 15, and thus is at school.

Establishment of the Department of Women's Affairs in the Labour Ministry, and accelerated programmes to open day-care centres to facilitate the life of working mothers has already helped increase the participation rate of women.

Labour officials say this has risen from a participation rate of five per cent of eligible working women in 1974 to some 12 per cent to-day, with many women entering unskilled factory jobs, such as in packaging work in the tobacco or pharmaceutical industries.

In the longer run, the hope of government planners is that the financial attractiveness of working abroad will be offset by the total "quality of life" advantages in Jordan. Crown Prince Hassan often mentions the concept of a "social package" in Jordan which includes home ownership schemes, a new social security programme that will get under way next year, increased government services in schooling, health, transportation and power, to mention only the most obvious.

In addition there is to be a more balanced regional distribution of services and industrial incentives throughout Jordan—tying together the delivery of social services with economic developments—to make the total picture of a worker's life in Jordan just as appealing as the financial attractions of a job in the oil states.

Certainly in fields where domestic wages have risen sharply—such as engineering or top-level managers—the non-financial benefits of life in Jordan are starting to return the scales towards equilibrium when it comes to considering a move to a new high-paying job in a neighbouring Arab country.

This will continue to happen as the rate of wage increases continues to match or even surpass the rate of price increases, as is happening now in some sectors.

The signing of bilateral labour agreements, however, and the successes being registered in vocational training schemes and the promotion of women workers, appear to signal Jordan's fragile and nascent ability to deal with a problem which appeared menacingly insoluble only a year or so ago.

R.G.K.

Manufacturing and mining

IN A COUNTRY where most things are small-scale, the mining and industry sectors of the economy are the important exception to the rule. If one segment of the current five-year plan were to be designated the most vital to Jordan's long-term economic and social development plans, it would have to be mining and industry. This contention is bolstered by the fact that this sector takes up the single largest slice of the plan's investment targets (JD229m — $734m — out of JD765m — $2.5bn), and is expected to show the largest growth rate, targeted at 26 per cent annually and 220 per cent over the five-year period 1976 to 1980.

Performance to date—halfway through the plan—has been generally positive, but lagging behind schedule in the large Government-run schemes, while running far ahead of expectations in the private sector.

The trend towards a growing productive sector (mining, industry and agriculture) at the expense of the traditionally oversized services sector has continued during the past two years. Industry's share of GDP had risen from some 10 per cent in 1972 to nearly 19 per cent by the beginning of last year.

Mineral-based (particularly fertiliser-producing) industries dominate the industrial sector, and will continue to do so for many years to come. The Big Three schemes here are the existing phosphate mines and the Dead Sea potash and Aqaba chemical fertiliser plants which are both now in the first stages of construction.

Raw phosphate rock production by the State-owned Jordan Phosphate Mines Company rose slightly last year to a new all-time record of 1.77m tons, while exports similarly hit an all-time peak of 1.79m tons.

But phosphate revenues—the single biggest export earner — dropped slightly last year to $59m from 1976 revenues of $64m, reflecting a continuing but small deterioration in international phosphate prices, and the break-up of the informal marketing club with Morocco, Tunisia and Senegal. [This was due to Eastern Bloc philosophical resistance, apparently, an important consideration given that East European States last year were Jordan's biggest market for phosphates.] Marketing co-ordination with Morocco continues, however.

But work is proceeding on expansion of phosphate facilities at the main Hasa mines in the centre of the country and at the new facility in the south, at Shadiya. Production capacity will be 6m tons a year by 1980. By that time, the two other big fertiliser-producing schemes will be nearing completion.

Potash

The Dead Sea potash project, with its annual production capacity of 1.2m tons, is expected to come on stream by the end of 1981, and to raise its output gradually to 1.7m tons by the mid-1990s. Its cost of $425m will be covered almost completely by equity capital and concessional loans, with a small commercial loan perhaps being required this year.

The chemical fertiliser plant, now also under construction at the southern port of Aqaba, is expected to start production slightly earlier, by mid-1980. The $325m plant, whose technical management has been warden to Mitsui Toatsu Chemicals of Japan, will have a capacity of 1,250 tons per day of phosphoric acid, 3,600 tons per day of sulphuric acid and 2,400 tons per day of monoammonium and/or diammonium phosphate fertiliser.

This project is similarly financed by a combination of equity capital and long-term loans, and will also require a small ($30m to $50m) commercial borrowing to complete the financing package. The combination of raw phosphate rock, chemical fertilisers and potash that Jordan will be able to offer customers after 1980 will put it in a strong international marketing position—particularly with customers requiring "compound fertilisers" which can be conveniently mixed to specification at Aqaba port. Also being considered by Jordanian officials is the establishment of a joint—or at least closely co-ordinated—marketing effort for all three fertiliser companies.

The other two big mineral-based industries—the Zarqa oil refinery and the Fuheis cement plant—are in the midst of large expansion programmes that will allow them both to meet Jordan's domestic requirements for many years to come. Neither exports any of its output.

The oil refinery's capacity is being expanded from an annual 1.28m tons to 3.73m tons by 1979, and the cement plant will increase its output from 1,700 tons a day to 3,700 tons.

In oil exploration, the first test wells were drilled this spring in northern Jordan, near Irbid, but Jordan's hopes of becoming an oil or gas producer are strictly limited.

Schemes

While this handful of large-scale schemes dominates the country's industrial sector—and is peculiarly split between industries which are totally export or totally domestically orientated—the long-term aim of developing greater economic self-reliance in Jordan is pinned more closely on the development of small and medium-sized industries, to service both the small domestic market and the mammoth regional export market.

In this area, investments by private sector financiers have been running well ahead of the guidelines set out in the five-year plan. The Ministry of Industry and Trade licensed 129 new projects last year, compared to 203 in 1976, but the investments last year were higher than in 1976 (JD 23m—$73.7m compared to JD16m — $51.3m).

This indicates a slight shift to larger-scale projects servicing both domestic and regional demand, with an emphasis on schemes to produce matches, detergents, medicines, paper bags, asbestos pipes, prefab houses, wooden doors, shoes, ballpoint pens, chemicals, various food processing plants, and construction industry materials. There is also a tendency towards less labour-intensive projects, in favour of capital-intensive schemes and mechanisation, as something of a natural reaction to the delicate labour situation.

The performance and establishment of small and medium-scale industries will be helped further during the coming years by the Government's increasing attention to directing private capital and excess liquidity (including much of the remittances of the 250,000 Jordanian workers abroad) towards productive industries and away from land speculation and commerce.

The specialised credit institutions, such as the Industrial Development Bank and the Housing Bank, have both proved their worth in this effort, and are emerging as major forces—along with other specialised credit bodies—in channelling domestic and foreign resources into productive areas, particularly new and expanding export-orientated industries.

R.G.K.

Agriculture

AGRICULTURE HAS the second top priority in Jordan's current five-year plan, after mining and industry, but it has traditionally been a problem sector due to the great reliance of farmers on unpredictable rain-fed agriculture. Both 1975 and 1976 were poor crop years, again due to insufficient rainfall, and 1977 appears no better.

But a major push in irrigated farming schemes has finally started to take effect as the first sprinklers in the all-important Jordan Valley irrigation projects were switched on this month (May), heralding a new and less fickle era for Jordanian farmers.

The emphasis now is on irrigated production of high-value fruits and vegetables, with relatively less concentration on difficult wheat and barley farming in the rainfed uplands.

Investment

The bulk of the JD112m ($359m) investments in agriculture earmarked in the current 1976-1980 five-year plan will provide infrastructure and water for projects in the Jordan Valley (both above and below the Dead Sea) and the northern uplands. The plan's targets are to raise agricultural income by 40 per cent to JD42m ($134.6m) by 1980, compared to JD30m ($96m) in 1975. This would represent a realistic 7 per cent annual growth rate, and aims to bring down agriculture's relative share of GDP to just over 8 per cent by 1980 (down from 14 per cent in 1972 and 10 per cent in 1975).

The showcase of Jordan's belated agricultural drive is the Jordan Valley integrated development plan. This has two purposes. The first is raising agricultural production, which will contribute to increased exports and thereby will help cut the country's large trade deficit.

The second is the Valley's comprehensive regional planning approach, which must show quick success if Jordan is to avoid becoming merely a city-state centred around the capital of Amman.

After the 1967 war and the 1970-71 internal fighting, the Valley's population dwindled to just over 5,000 harried farmers. Through a combination of state and private sector efforts, the Valley now counts over 85,000 residents, and the Jordan Valley Authority (JVA) — the overall agency with total control there — aims to bring the area's population up to 150,000 by 1983.

This will be done by providing the full range of agricultural and social infrastructure, including water, sprinkler systems, roads, homes, schools, telecommunications, hospitals and agricultural marketing services. A key feature of the Valley project is that it aims to attract new farmers by assuring them of a per capita income significantly higher than the national average of some $500. Average agricultural incomes are now half this sum.

A total of 36,000 hectares of irrigated land is the aim of the JVA, which will mean converting some existing surface irrigated land to sprinklers and adding 23,000 new hectares of sprinkler-irrigated land in the coming five years.

Water to make this all work is already stored behind the newly completed King Talal Dam on the Zarqa River but the bulk of the water for the Valley will come from the Maqarin Dam, which is now in the design stage and is planned to store 250m. cubic metres of water when it is built across the Yarmouk River, in the north along the Syrian border. Concessional loans will finance most of the valley projects, which will require well over $500m.

The recent use of simple hot-houses and drip irrigation has already increased crop yields in the Valley, whose fruits and vegetables, exported to the neighbouring Arab oil producers, account for about one-third of Jordan's exports. Next to phosphates, food products are Jordan's second largest export item.

But overall, Jordan remains a heavy importer of food, particularly wheat and red meat. In fact about a full half of Jordan's food requirements are imported, accounting for about one-third of total imports.

Last year's unexciting agricultural performance means this trend continues unchanged, and it will require at least two more years for sufficient produce to come up from the Valley to make a significant change in Jordan's food importing pattern.

In the case of grains, Jordan is cutting back the amount of land used for wheat and barley, in favour of planting more fruit trees in the rainfed uplands. Last year's wheat and barley harvest, at 62,000 and 12,000 tons respectively, were slightly down from 1976 yields. This compares to annual cereals consumption of some 300,000 tons in Jordan. The gap is filled by imports financed by long-term soft loans.

Successes have been registered in poultry (in which the country is now self-sufficient) and a programme backed by the World Food Programme to substitute fruit trees in marginal land that had been used badly for grain production. Fodder production is also being encouraged in marginal areas, with the aim of raising animal feed output to 175,000 tons by 1980.

Some of the traditional problems that have also held back agricultural production in Jordan are fragmented land holdings, a lack of marketing expertise and poor co-ordination between the Government and the private sector farmers.

The small land holdings problem is being tackled by the emphasis on irrigated fruit and vegetable production in the Valley according to strict licensing by the JVA which will also help remove some of the seasonal marketing uncertainties that usually plagued farmers in a country where more attention has traditionally been paid to the consumer of food than to the producer.

There have also been recent experiments by which some farmers have been able to plan their season's plantings by getting advance guarantees from state marketing bodies to buy a certain quantity of produce at a guaranteed price. This has been tried especially with onions and potatoes.

The Government has got into the habit of suddenly prohibiting exports of certain fresh vegetables and fruits, to raise supply and lower prices in Jordan for the consumer. This makes the consumer's life easier but the farmer's more difficult. A related problem has been that middlemen make the largest profits from agricultural export sales, while the farmers themselves do not reap the full benefits of their proximity to high-demand and high-paying markets in the oil states of the Gulf.

Overcome

This is being overcome in some cases by the farmers themselves, through the Jordan Co-operative Organisation and other such bodies. Many of these traditional problems associated with a lack of planning and haphazard marketing are being slowly brought under control as the JVA controls matters more closely.

Similar to its labour situation, Jordan's agricultural dilemma is that it has significant potential at home but has to align this with the financially attractive demands of neighbouring countries.

Steady progress on the Jordan Valley projects augers well for everybody—farmers, consumers, neighbouring states and the central government planners with their export-orientated emphasis. But this large-scale effort in the Valley includes the realistic assessment that Jordan will always require to import grains and meat, and the best that can be hoped for is that domestic production and high-value, all-season exports will offset the trade gap in agricultural products alone that has hovered around the $200m mark for the past few years.

R.G.K.

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APPOINTMENTS

Dr. Haigh heads BNOC research

Dr. C. P. Haigh has become director of research to the BRITISH NATIONAL OIL CORPORATION. In his previous appointment with the CEGB, Dr. Haigh was responsible, as director, for establishing the Berkeley Nuclear Laboratories and more recently was deputy director general (design) in the board's generation development and construction division in Gloucester.

★

Mr. Richard Bailey has been appointed a director of BERNARD SUNLEY INVESTMENT TRUST (MANAGEMENT) and continues to have responsibility for new property developments.

★

The following have been appointed to the City of London Branch committee of the BRITISH INSTITUTE OF MANAGEMENT: Mr. John R. Beevor, Mr. S. J. Murphy, Mr. J. G. Chapman, Diane J. Garrard and Mr. A. C. Osman.

★

Mr. George Buck, foreign exchange manager of BANQUE NATIONALE DE PARIS retires at the end of this month.

★

Mr. Harold Porter has been appointed financial director by ALCAN WINDOWS following the integration of Alcan Booth Systems and Gardiner Alumin. Mr. Porter is a former financial director of Alcan Booth Extrusions. He has completed a special assignment as financial assistant to the deputy managing director of Alcan Aluminium (UK).

★

Mr. R. A. L. Phipps has been appointed a director of SLOUGH ESTATES with special responsibility for the development programme in UK and Europe.

★

Mr. Jarl H. F. Köhler, managing director of Lamco Paper Sales, London, has been appointed managing director of the FINNISH BOARD MILLS' ASSOCIATION, Helsinki, from November 1. He will join Finnboard on August 1 prior to the retirement of Mr. B. Grünhagen, the present managing director.

★

Mr. H. Michael Gwyther has been appointed a director of AVANA GROUP. He is general manager and a director of the Carlyle Trust and has been an alternate director of the company for the past five years.

★

Mr. Frank Collins and Mr. Gordon Heald have been appointed joint managing directors of GALLUP POLL. Mr. Norman Webb has resigned to give more time to his position as co-ordinator of Gallup International. Mr. Robert Wybrow, Mr. Malcolm Mather and Mr. Graham Dossett have joined the main board of Gallup Poll.

★

Mr. W. H. Alexander, of Marconi Avionics, has been elected chairman of the council of the BUSINESS AIRCRAFT USERS' ASSOCIATION, succeeding Mr. Angus Mackenzie-Charrington.

★

Mr. John Mason has joined the Board of SOFTWARE SCIENCES COMPRITE as technical director.

★

Mr. R. H. Coleman-Cohen has been appointed deputy chairman of the ALLIANCE BUILDING SOCIETY. He succeeds Mr. R. H. Braybon, who vacates the position after his year of office.

★

The NATIONAL RADIOLOGICAL PROTECTION BOARD has appointed Dr. J. C. A. Raison to be deputy director (medical and scientific) from July 1. Mr. L. D. G. Richings remains deputy director (policy and administration) and secretary to the Board.

★

Mr. E. C. Hammond has been appointed adviser to the general manager of MITSUI AND CO., London, in addition to his position as assistant general manager, London.

★

Mr. Peter Sachs has been appointed managing director of CPI DATA PERIPHERALS, the European member of Computer Peripherals, Inc. Mr. Sachs was previously in charge of Rank Xerox's electronics operations.

★

Mr. J. Hillman, Mr. J. Jones and Mr. F. Ross have been appointed additional directors of PHOENIX WHARF, a member of the Phoenix Timber group.

★

Mr. Frank V. Whinyates has become manufacturing director on the Board of FRANK R. FORD, a member of the Ofrex Group.

★

Mr. L. R. Paterson has been appointed a director of CONSOLIDATED PLANTATIONS and Mr. A. J. Sumner has resigned from the Board. The company is a member of the Sime Darby group.

★

Dr. Ken Duncan has been appointed by the Health and Safety Commission to be the third member of the HEALTH AND SAFETY EXECUTIVE for three years from July 1. He will succeed Miss Audrey Pittom, who is retiring at the end of next month. At the same time Mr. Cyril Burgess will replace Miss Pittom as director of the hazardous substances division.

★

Mr. Ivor Mills is leaving ITN on June 23 to become head of public affairs at the POST OFFICE.

★

Mr. Basil Landau has been appointed deputy chairman of SAPPI and continues as chairman of the executive committee. Mr. Landau, who is a director of Union Corporation and head of the industrial division of that concern, also retains his responsibilities and Board appointments in the Union Corporation group.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
2nd qtr.	101.9	103.0	105	102.5	222.0	1,330	163
3rd qtr.	102.7	103.7	107	104.3	234.2	1,418	151
4th qtr.	101.9	102.8	107	104.4	239.4	1,431	157
Nov.	101.6	102.1	100	103.1	236.3	1,433	156
Dec.	102.5	103.6	115	106.9	246.0	1,428	163
1978							
1st qtr.	103.6	103.9		106.3	246.0	1,409	188
Jan.	103.2	103.4	107	104.9	241.0	1,419	180
Feb.	103.9	103.9		106.8	246.5	1,409	187
March	103.7	104.5		107.0	249.8	1,400	196
April				106.5		1,387	204
May						1,366	210

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
2nd qtr.	113.4	97.6	105.2	98.8	80.5	100.2	25.1
3rd qtr.	115.2	97.6	104.9	99.3	83.3	100.9	25.4
4th qtr.	116.7	97.2	101.4	98.8	74.8	99.4	20.7
Nov.	116.0	97.0	101.0	98.0	70.0	97.0	21.2
Dec.	118.0	97.0	102.0	99.0	79.0	101.0	16.1
1978							
1st qtr.	116.4	98.8	105.1	100.2	76.9	100.2	17.6
Jan.	116.0	98.0	104.0	100.0	76.0	99.0	17.5
Feb.	117.0	99.0	106.0	100.0	78.0	100.0	15.3
March	117.0	99.0	105.0	101.0	77.0	101.0	20.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
2nd qtr.	118.0	109.8	−764	−364	−745	100.3	14.9
3rd qtr.	124.1	106.4	+ 54	+483	−602	101.0	13.4
4th qtr.	117.9	102.6	+ 45	+351	−657	102.4	20.39
Nov.	115.3	98.4	+ 68	+170	−154	102.4	20.39
Dec.	118.9	108.1	− 76	+ 26	−275	103.1	20.56
1978							
1st qtr.	120.5	113.6	−520	−220	−646	104.9	20.63
Jan.	112.3	114.3	−332	−232	−236	105.4	20.87
Feb.	127.9	110.1	+ 82	+182	−202	104.8	20.7
March	121.4	116.4	−270	−170	−208	104.7	20.32
April	126.3	102.6	+236	+336	−115	104.0	17.04

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
4th qtr.	25.1	12.6	8.4	+698	1,565	1,189	7
Nov.	37.9	15.9	6.1	+355	554	401	7
Dec.	23.2	12.6	8.4	+161	421	410	7
1978							
1st qtr.	25.1	24.2	17.5	+1,819	1,049	1,260	6½
Jan.	23.2	17.3	13.4	258	388	429	6½
Feb.	26.8	25.5	17.9	963	353	418	6½
March	25.1	24.2	17.5	598	308	413	6½
April	19.1	24.7	12.6	1,248	335		7

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.20	63.3
Nov.	120.1	329.9	272.0	187.4	192.9	238.34	63.6
Dec.	121.7	328.0	273.3	188.4	194.8	234.20	63.8
1st qtr.	123.0	326.7	278.9	190.6	197.3	238.61	64.6
1978							
Jan.	121.5	324.9	277.1	189.5	196.1	226.41	66.0
Feb.	122.7	324.2	279.2	190.6	197.3	224.86	66.0
March	124.8	330.9	280.5	191.8	198.4	238.61	61.8
April		337.2	282.6	194.6	201.6	238.94	61.4

* Not seasonally adjusted.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Fresh fall on inflation concern

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 24.

STILL REFLECTING investor concern over inflation. Wall Street sustained a further sharp and widespread reaction today in another heavy trade, although the market ended some way above the day's worst.

The Dow Jones Industrial Average retreated to $829.87, before recovering to $837.92 for a fresh fall of 7.37 on the day. The NYSE All Common Index was finally 54 cents lower at $54.36 after touching $54.18, while declines outscored gains by 1,246 to 300. Trading volume amounted to 31.45m shares, against 33.23m yesterday.

Brokers said the market remained unsettled by fears of increasing inflation and the outlook for furthe rises in interest rates. Press reports stated that economists and bankers are convinced that growing credit demands and the Federal Reserve's tight money policy will push borrowing costs to their highest levels since 1974's credit squeeze.

Barry Bosworth, U.S. Wage and Price Council director, said yesterday that U.S. consumer prices could rise at a 9 per cent annual rate in April and May on top of a 9.6 per cent increase in March, while today, Robert Strauss, President Carter's inflation counsellor, stated that consumer price index figures could continue to be poor into May. CPI figures for April are due to be announced on May 31.

Investors tended to ignore passage late yesterday by House conferees of a Bill to deregulate natural gas prices.

Glamour and growth stocks were prominently lower, but Blue Chips were less hard hit in active trading.

THE AMERICAN SE Market Value Index receded 1.36 more to 143.93 in a reduced volume of 3.82m shares (5.23m).

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
American Motors	378,900	5⅞	+⅛
Caesars World	354,000	19⅞	−1⅛
Pepsico	277,100	29⅞	−⅞
Westinghouse Elect.	245,400	21⅛	−⅛
Polaroid	215,600	37⅞xd	−⅞
SCA Services	205,200	9⅞	+1
Fannie Mae	195,100	16⅛xd	−⅛
General Motors	191,000	59⅞	—
Bally	192,000	33⅞	+1
Trans-World Airlines	188,500	19⅞	−⅞

OTHER MARKETS

PARIS—Stocks rose afresh by more than 3 per cent on average in an active trading session with gains ranging as high as 10 per cent. in some cases.

Several factors were responsible for the good performance. These were the lowering of the Call Money rate from 8 to 7¾ per cent (now at its lowest level since July, 1976), a favourable response to the announcement that a draft Bill proposing a new flat-rate tax on capital gains derived from securities investment is to be presented to Parliament, the fact that Wednesday is the first day of the new monthly trading account, a carry-over from Tuesday of the announcement that France had its third consecutive monthly trade surplus in April, and the good performance of the franc on the foreign exchange markets.

BSN Gervais Danone advanced 19 to FFr 533, Michelin "B" 33 to FFr 1.424, Carrefour 83 to FFr 1.650, and Air Liquid 13.9 to FFr 308.9.

CANADA — Markets turned predominantly lower yesterday in active trading, bringing to an end the strong May rally. Profit taking induced by the Wall Street setback was laid to blame for the weakness, which left the Toronto Composite Index 9.3 down at 1,127.0. Oils and Gas retreated 11.9 to 1,367.9 on index, while Financial Services fell 22.97 to 1,079.57.

TOKYO—Stock prices were *mainly higher following increased* institutional buying, with sentiment aided by a fall in the outstanding balance of buying in margin trading on the major Japanese stock exchanges. Volume expanded to 260m shares (230m) with the Nikkei-Dow Jones Average rising 37.83 to 5,455.31 and the Tokyo SE index 2.85 to 409.56.

Pharmaceuticals, Blue Chips and export-orientated issues attracted a good deal of the buying interest, while Machinery *Tools were spurred on by news* that the machinery tool industry is rapidly improving. However, some front-runners like Textiles and Paper-Pulps eased, along with Metals and Rolling Stock shares.

Eisai gained Y50 to Y1,040, Toyama Chemical Y42 to Y689, Sony Y30 to Y1,790, Pioneer Electronic Y60 to Y1,770, Toyota Motor Y8 to Y950, and Toyo Kogyo Y19 to Y470.

GERMANY — Share prices turned easier in quiet trading ahead of today's Corpus Christi holiday closure. Brokers said bearish tendencies seemed to be linked to the poor state of the Domestic Bond market, where Bundesbank intervention has been needed to lift yields.

Banks were the heaviest losers, with Dresdner falling DM 3, Commerzbank DM 2.50, and Deutsche Bank DM 2.20. BHF-Bank were DM 4 weaker on the lower dividend.

Mechanicals lost up to DM 3, Steels up to DM 2.20, and Stores up to DM 2, but against the trend, Preussag rose DM 3.30 and Pegulan DM 4.20.

In the Bond market, Public Authority issues lost up to 45 pfennigs more. The Bundesbank, following its DM 51.3m nominal purchases of stock on Tuesday, bought a further DM 36m yesterday.

cmfDMPshrd cmf shr cmf shrdlz day. Mark foreign Loans, *however, were steady.*

HONG KONG—Market gained ground in active trading, the Hang Seng index rising 4.77 to 471.14.

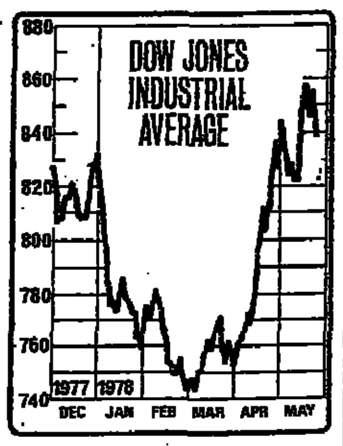
Hong Kong Bank put on 40 cents to HK$15.60 on strong demand, while Jardine Matheson added 30 cents at HK$13.30, and Hutchison Whampoa and Wheelock Marden 5 cents each to HK$4.65 and HK$2.475 respectively. However, Hong Kong Land *and Swire Pacific shed 5 cents* apiece to HK$7.90 and HK$6.55 respectively.

AUSTRALIA—After Tuesday's easier tone on profit-taking, leading Minings and Industrials and speculative issues made fresh progress early yesterday, but gains were later pared.

Industrial leader BHP managed a rise of 6 cents on balance at A$6.72, after reaching A$6.78, while ICI Australia were 4 cents up at A$2.30.

Olympic Industries were heavily traded and gained 2 cents to 56 cents following the AMP Society's sale of over 2m shares.

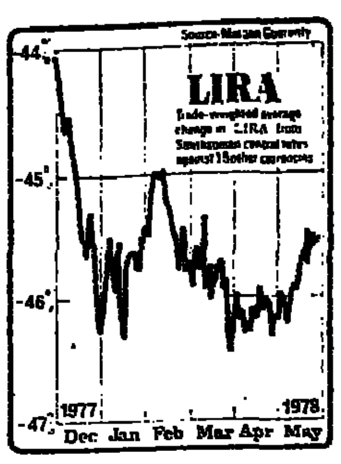
Uraniums, after a firmer start, reacted to close mixed following the Queensland Mines annual meeting, at which shareholders were told that the company had little chance of starting the Narbarlek project this dry season unless the Federal Government took quick action.



Pound steady

Quiet conditions prevailed once again in yesterday's foreign exchange market. Sterling traded within the very narrow range of $1.8100-1.8150 against the U.S. dollar after opening at $1.8100-$1.8110. The pound moved up to $1.8140-1.8150 at one point but closed slightly off the top at *$1.8120-1.8130, a rise of 20 points* on Tuesday's close. Using Bank of England figures, its trade weighted index remained at 61.6, having shown a slight improvement at noon to 61.7 from the morning calculation of 61.6.

After an initially softer start, the U.S. dollar gained ground during the afternoon and finished around the middle of the day's range. In terms of the West German mark, it showed a slight improvement to DM 2.13 from DM 2.1295, while the Swiss franc finished better at SwFr 1.9690 against SwFr 1.9715. Morgan Guaranty's calculation of the dollar's trade weighted average depreciation using noon rates in New York, widened slightly to 4.74 per cent from 4.71 per cent previously. Gold showed little reaction after Tuesday's U.S. gold sales and eased $1 an ounce to $179¾-180½. The Krugerrand finished at $184¾-186¾ (£102-103) from $185½-187½ (£102¼-103¼) and its premium over the gold content widened to the common close of 3.12 per cent from the previous common close of 2.97 per cent.



CURRENCY RATES

	Special Drawing Rights May 24	European Unit of Account May 24
Sterling	0.667641	0.668162
US dollar	1.21070	1.21180
Canadian	1.34969	1.34937
Austria sch	18.5419	18.5511
Belgian franc	40.2285	40.2651
Danish krone	6.92823	6.93842
Deutschem'rk	2.57782	2.58058
Dutch guilder	2.75979	2.76209
French franc	5.65821	5.66374
Italian lira	1055.97	1056.89
Japanese yen	277.250	277.069
Norway krone	6.63585	6.63565
Spain peseta	98.4563	98.9200
Swedish krone	5.67158	5.67154
Swiss franc	2.38568	2.38760

GOLD MARKET

	May 24	May 23
Gold Bullion (a fine ounce)		
Close	$179¾-180½	$180¾-181¼
Opening	$179¾-180½	$180-180¾
Morning fix'g	$179.80 (£99.139)	$180.25 (£99.448)
Aftern'n fix'g	$179.40 (£98.985)	$179.75 (£99.262)
Gold Coin domestically		
Krugerrand	$184¾-186¾ (£102-103)	$185½-187½ (£102¼-103¼)
N'wSov'gns	$54¼-56¼ (£30-31)	$54¾-56¾ (£30¼-31¼)
Old Sov'rgns	$55¾-57¾ (£30¾-31¾)	$56-58 (£31-32)
Gold Coins (Internat'lly)		
Krugerrand	$184¾-186¾ (£102-103)	$185½-187½ (£102¼-103¼)
New Sov'rgns	$54¼-56¼ (£30-31)	$54¾-56¾ (£30¼-31¼)
Old Sov'rgns	$55¾-57¾ (£30¾-31¾)	$56-58 (£31-32)
$20 Eagles	$275¼-278¼	$275¼-279¼

FOREIGN EXCHANGES

May 24	Bank Rate %	Market Rates Day's Spread	Close
New York	7	1.8100-1.8150	1.8120-1.8130
Montreal	8½	2.0140-2.0215	2.0200-2.0210
Amsterdam	4	4.11½-4.14	4.12-4.13
Brussels‡	5½	60.10-60.50	60.15-60.25
Copenhagen	9	10.36-10.38½	10.38½-10.38½
Frankfurt	3	3.84½-3.87	3.85½-3.86½
Lisbon	18	82.75-85.75	85.15-85.85
Madrid	8	147.25-147.75	147.27-147.37
Milan	11½	1,579-1,588	1,580-1,581
Oslo	7	9.89-9.98	9.90½-9.91½
Paris	9½	8.45½-8.48½	8.48½-8.48½
Stckholm	7	8.46-8.50	8.48-8.49
Tokyo	3½	412-419	413½-416½
Vienna	5½	27.05-27.88	27.70-27.80
Zurich	1	3.56-3.58½	3.56½-3.57½

‡ Rates given for convertible francs. Financial francs 60.25-60.45. Rate for May 23 should be 60.25-60.45.

OTHER MARKETS

		Notes Rates	
Argentina	1,405-1,409	Argentina	1250-1350
Australia	1.6034-1.6194	Austria	27-28¼
Brazil	30.90-31.90	Belgium	59¼-61
Finland	7.80-7.82	Brazil	33-38
Greece	67.620-69.190	Canada	2.01-2.03
Hong Kong	8.435-8.4575	Denmark	10.30-45
Iran	124-130	France	8.40-8.55
Kuwait	0.500-0.510	Germany	3.80-3.95
Luxemb'rg	60.15-60.25	Greece	66-72
Malaysia	4.3575-4.3725	Italy	1560-1620
N. Zealand	1.7750-1.8150	Japan	405-425
Saudi Arab.	6.20-6.30	Nether'nd	4.05-4.20
Singapore	4.2370-4.2520	Norway	9.85-10.05
S. Africa	1.5615-1.5865	Portugal	75-85
U.S.		Spain	145-149
Canada		Switz'land	3.50-3.65
US$		U.S.	1.81½-1.82
U.S. cents	89.67-89.70	Yugoslavia	34-36

Rate given for Argentina is a free rate

FORWARD RATES

	One month	Three months
New York	0.50-0.40c. pm	1.47-1.37 c. pm
Montreal	0.50-0.40c. pm	1.55-1.45c. pm
Amst'dam	2½-1½ c. pm	7¼-6¼ c. pm
Brussels	30-20 c. pm	85-75 c. pm
Cop'nhgn.	3-5 ore dis	7¼-9¼ ore dis
Frankfurt	2⅞-1⅞ pf pm	7¾-6¾ pf pm
Lisbon	25-185 c. dis	100-500 c. dis
Madrid	35-115 c. dis	140-220 c. dis
Milan	2-5 lire dis	9-13 lire dis
Oslo	¾-2¾ ore dis	1¾-3¾ ore dis
Paris	2-1 c. pm	4½-3½ c. pm
St'ckholm	¼ ore pm-¾ ore dis	4½-2½ ore pm
Vienna	15-5 gro pm	32-22 gro pm
Zurich	3-2 c. pm	8⅞-7⅞ c. pm

Six-month forward dollar 2.85-2.75c pm, 12 month 5.80-5.70c pm.

EXCHANGE CROSS-RATES

May 24	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1273 83	45.60-70	6.408-418	3.857-67	93.37 47	108.15-50
New York	46.97-99	—	21.43-46	3.0100-50	1.8120-8127	43.88-90	50.75-77
Paris	219.23-75	4.667-.705	—	14.045-077	8.4655-4865	204.85-5.35	237.25 55
Brussels	15.58-2	33.21 26	7.11-12	—	60.15-34	14.56-60	16.85 99
London	3.852-.65	1.8120 30	8.452 462	60.15-25	—	4.12-15	3.56½-57½
Amst'dam	106.945-995	2.2782 807	48.772-825	6.865 8615	4.1305-1355	—	115.62-72
Zurich	42.425-510	1.655-5665	42.096-140	5.9223 9280	5.5651-5679	86.402-493	—

U.S. $ in Toronto = 111.51-111.54 Canadian cents.
Canadian $ in New York = 89.64-67 cents, U.S. $ in Milan 871.50-2.00
Sterling in Milan 1580.00-20.

EURO-CURRENCY INTEREST RATES*

May 24	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
Short term	11½-12	6½-7½	7¼-7½	4¼-4½	⅝-⅞	3⅛-3⅜
7 days' notice	11¾-12¼	6½-7½	7⅜-7⅝	4¼-4½	2-2¼	3⅛-3⅜
Month	10¼-10¾	7⅜-7¾	7⅜-7½	4¼-4½	1⅛-1⅜	3⅛-3⅜
Three months	10⅞-11¼	7⅛-8⅛	7⅝-7⅞	4⅛-4⅜	1⅛-1⅜	3⅛-3⅜
Six months	11⅜-11⅞	8-8⅛	8¼-8½	4¾-5	1⅛-1⅜	3⅜-3¾
One Year	12-12⅜	8⅛-8⅜	8⅜-8⅝	5⅛-5⅜	2⅛-2⅜	3¼-3⅞

Euro-French deposit rates: two-day 7¾-8 per cent: seven-day 7¾-8 per cent: one month 8¼-8¾ per cent: three-month 8¹¹⁄₁₆-8¹³⁄₁₆ per cent: six-month 8⁷⁄₁₆-9¹¹⁄₁₆ per cent: one-year 10¼-10½ per cent.

Long-term Eurodollar deposits, two years 8⁹⁄₁₆-8¹¹⁄₁₆ per cent; three years 8¹¹⁄₁₆-8¹³⁄₁₆ per cent: four years 8⅞-8⅞ per cent; five years 8⅞-9 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.55-7.65 per cent: three month 7.80-7.90 per cent; six-month 8.10-8.20 per cent; one-year 8.30-8.40 per cent.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

Indices

NEW YORK - DOW JONES

	May 24	May 23	May 22	May 19	May 18	May 17	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	837.92	846.29	856.42	846.85	850.92	858.57	858.37 (17/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.19	88.51	88.51	88.47	88.59	88.55	90.36 (4/1)	88.19 (24/5)	—	—
Transport	224.68	227.80	231.50	229.16	230.91	231.25	231.50 (22/5)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.05	104.56	104.67	104.26	104.09	104.06	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	31,450	33,230	28,700	34,560	42,270	45,490	—	—	—	—

*Basis of Index changed from August 24

	May 19	May 12	May 5	Year ago (approx.)
Ind. div. yield %	5.48	5.51	5.61	4.69

STANDARD AND POORS

	May 24	May 23	May 22	May 19	May 18	May 17	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	107.58	108.47	109.70	108.52	109.11	110.51	110.51 (17/5)	96.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	97.08	98.05	99.09	98.12	98.62	99.60	99.60 (17/5)	86.90 (6/3)	125.46 (11/1/73)	4.40 (1/6/32)

	May 17	May 10	May 3	Year ago (approx.)
Ind. div. yield %	4.85	5.04	5.02	4.34
Ind. P/E Ratio	9.53	9.16	9.18	10.37
Long Govt. Bond yield	8.42	8.43	8.39	7.72

N.Y.S.E. ALL COMMON

May 24	May 23	May 22	May 19	1978 High	1978 Low
54.36	54.90	55.45	54.95	55.68 (17/5)	48.37 (6/3)

Rises and Falls	May 24	May 23	May 22
Issues traded	1,895	1,922	1,912
Rises	300	471	922
Falls	1,246	1,029	592
Unchanged	349	432	398
New Highs	21	86	105
New Lows	60	45	38

MONTREAL

		May 24	May 23	May 22	May 19	1978 High	1978 Low
MONTREAL	Industrial	—	193.61	(c)	192.89	193.61 (23/5)	162.50 (16/2)
	Combined	—	192.86	(c)	191.72	192.86 (23/5)	170.62 (30/1)
TORONTO	Composite	1127.0	1136.3	(c)	1128.5	1136.3 (23/5)	998.2 (30/1)
JOHANNESBURG	Gold	211.9	212.7	210.1	205.2	218.7 (1/2)	183.0 (20/4)
	Industrials	224.4	223.7	223.3	222.9	224.4 (24/5)	194.9 (13/3)

	May 24	Previous	1978 High	1978 Low
Australia(¶)	462.39	462.32	494.49 (18/5)	441.19 (1/3)
Belgium (‖)	95.67	95.43	101.16 (6/6)	95.43 (23/5)
Denmark (**)	95.42	95.48	96.15 (9/1)	94.00 (6/2)
France (††)	77	65.5	66.7 (26.4)	47.2 (6/2)
Germany(‡‡)	768.8	771.6	812.7 (10/2)	759.4 (17/5)
Holland (§§)	83.2	83.2	83.2 (23.5)	76.0 (4/4)
Hong Kong (¶¶)	471.14	466.37	471.14 (24/5)	383.44 (13/1)
Italy (‖‖)	63.68	64.00	64.25 (22.5)	55.46 (10/1)
Japan (a)	409.56	406.71	416.11 (19/4)	364.04 (4/1)
Singapore (b)	314.16	314.02	315.23 (19/5)	262.0 (1/60)

	May 24	Previous	1978 High	1978 Low
Spain (d)	103.18	103.03	110.76 (9/5)	87.82 (17/3)
Sweden (e)	372.35	371.68	397.95 (5/5)	325.74 (6/1)
Switzerl'd (f)	291.2	292.7	323.7 (14.2)	279.0 (25.4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds ‡ 400 Industrials § 400 Inds 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord (‖) Belgian SE 31/12/63 (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961 (‡‡) Commerzbank Dec., 1953 (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73 (a) Tokyo New SE 4/1/68. (b) Straits Times 1966 (c) Closed. (d) Madrid SE 30/12/77 (e) Stockholm Industrial 1/1/58 (f) Swiss Bank Corp (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated: yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated ♣ Kr.100 denom. unless otherwise stated ♦ Frs 500 denom. and Bearer shares unless otherwise stated ¶ Yen 50 denom. unless otherwise stated § Price at time of suspension a Florins b Schillings c Cents d Dividend after pending rights and/or scrip issue. e Per share f Francs g Gross div % h Assumed dividend after scrip and/or rights issue. k After local taxes m % tax free n Francs including Unilac div. p Nom. q Share split s Div and yield exclude special payment. t Indicated div u Unofficial trading v Minority holders only. y Merger pending * Asked † Bid. § Traded. ‡ Seller z Assumed xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—111½% (111½%)
Effective rate (1.8125) 47½% (47½%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ◆

May 24	Price Dm.	+ or −	Div. %	Yld. %
AEG	80.4	−0.8	—	—
Allianz Versich.	453	−1	18	2.0
BMW	226.5	+0.5	28.08	6.2
BASF	137.2	−0.5	18.75	6.8
Bayer	139.0	−0.2	18.75	6.7
Bayer. Hypo.	279		28.12	5.1
Bayer. Vereinsbk.	289.1xd	−2.9	18	3.2
CibaInt. Ned.wrt.	165		—	—
[illegible]				

TOKYO ¶

May 24	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	337	−1	14	2.1
Canon	475	+5	12	1.3
Casio	599	+11	25	2.1
Chinon	348		20	2.9
Dai Nippon Print	538	+3	18	1.7
Fuji Photo	571	+3	15	1.3
Hitachi	245	+6	12	2.4
[illegible]				

AUSTRALIA

May 24	Aust. $	+ or −
ACMIL (25 cent)	†0.72	
Acrow Australia	†0.81	
Allied Mng. Trdg. Inds $1	†2.18	+0.01
Ampol Exploration	†1.88	
Ampol Petroleum	†0.82	−0.01
Assoc. Minerals	†1.25	
[illegible]		

BRAZIL

May 24	Price Cruz	+ or −	Div. Cruz	Yld. %
Acesita	1.04	+0.06	0.12	11.54
Banco do Brazil	2.19		0.17	7.76
Banco Itau	1.20		0.16	13.33
Belgo Mineira OP	2.10	+0.15	0.12	5.71
Lojas Amer. OP	3.30	+0.07	0.20	6.06
Petrobras PP	2.93	+0.08	0.10	3.41
Pirelli	1.70		0.16	9.41
Sousa Cruz OP	2.95	+0.07	0.23	7.80
[illegible]				

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ●

[illegible]

PARIS

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

MILAN

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

Securities Rand $U.S.0.71½ (Discount of 37.8%)

SPAIN ♥

[illegible]

STOCKHOLM

[illegible]

FARMING AND RAW MATERIALS

Cane sugar nations seek 9% rise from EEC

BY OUR COMMODITIES STAFF

DEVELOPING countries which supply the Common Market with 1.3m. tonnes of cane sugar a year yesterday asked the EEC Commission in Brussels for a 9 per cent price increase. But Mr. Finn Gundalach, the Community's Agriculture Commissioner, offered only 2 per cent.

He told negotiators for the 16 African, Caribbean and Pacific cane exporters that this year's increase had to be kept in line with the 2 per cent granted to European sugar beet growers at the recent annual farm price fixing.

The Commissioner said he had no room for manoeuvre with the 278 units of account a tonne on offer.

The ACP's leading negotiator, Ratu Sir Kamisese Mara, Prime Minister of Fiji, had asked for 297.1 units of account. He said this was needed to cover rising production costs and losses caused by inflation.

He pointed out that the price guaranteed to ACP suppliers had risen only 6.7 per cent in the past three years while the Common Market's guaranteed price for beet sugar had gone up 11.8 per cent.

A Commission study of sugar prices shows that last year the price guaranteed for ACP imports was 57 per cent higher than the average rate prevailing on the "free" world market.

In a publicity campaign which started some weeks ago, the cane sugar producers have been complaining that although their price is supposed to be fixed within the range of rates applying in the EEC, in practice they have not succeeded in obtaining anything above the lowest Common Market rate.

They also complain of having been deprived of their "right" to negotiate prices, and having been offered only a take-it-or-leave-it price at talks with the EEC.

This appears to be exactly the stance taken by the Commission this time.

But the Ratu insisted that the cane price should take account of the basic EEC support price, the difference between storage charges levied on community and ACP sugar, and a regional premium paid in Britain where 90 per cent of cane imports are refined.

Tate and Lyle, which handles almost all the cane sugar, said that rather than demand higher prices, the ACP exporters should be considering the level at which cane sugar could compete best with EEC produce.

The Fijian premier also demanded that the new agreement should be backdated to the start of this year instead of starting on July 1.

Under the sugar protocol of its Lomé Trade and Aid Convention with 53 ACP states, the EEC guarantees to import 1.3m tonnes of sugar a year for seven years at a price to be negotiated annually within the range of prices given to Common Market producers.

● The Commission's sugar management committee yesterday approved the export of 50.786 tonnes of white sugar to non-community countries with a maximum export subsidy of 25.191 units of account per 100 kilos.

This was 10.000 tonnes more than the quantity cleared at last week's tender.

On the London world sugar market the daily price for raws was fixed £1 a tonne lower at £100.

Chocolate price rise warning

BY OUR COMMODITIES EDITOR

FURTHER RISES in chocolate prices in the U.K. could not be avoided, Mr. D. M. Anderson, president of the Cocoa, Chocolate and Confectionery Alliance, warned yesterday.

In a cautious statement, Mr. Anderson said that the failure of cocoa prices to decline further, plus rising costs of other ingredients and general inflation, meant that it would not be possible to prevent chocolate prices going up.

However, the first three months of this year had seen a surprising increase of more than 4 per cent in sales of chocolate products in the U.K.

Mr. Anderson could not explain what had prompted the recovery in demand, but emphasised the confectionery trade was very resilient. Other explanations offered were that demand had been boosted by the cold, wet spring, the early Easter holiday, and the very competitive conditions in the chocolate market at present.

It was also pointed out that the increase in demand might well not be maintained, especially as a further rise in retail prices is likely.

Mr. Anderson said that the price of cocoa continued to be of great concern to chocolate manufacturers. The cost of cocoa cake and powder had been particularly badly affected, rising in price last year from about £500 to £4,500 a tonne. It was more difficult to substitute flavour than the butter element.

The Alliance's annual report shows that chocolate consumption in the U.K. fell to 339,000 tonnes last year from 345,000 tonnes in 1976. This is still above the low 1975 figure, but well down on 1974.

Expenditure last year on chocolate products jumped by £161m. to £783m.—equivalent to £14.02 per head, against £11.19 previously.

UK sales of sugar confectionery jumped from 317,000 to 331,000 tonnes last year, and expenditure by £80m. to £486m., equivalent to £8.69 a head.

Food makers' costs fall

BY OUR COMMODITIES STAFF

AVERAGE PRICES of inputs in the food manufacturing industry are now 4 per cent. lower than they were a year ago, Mr. Robert Maclennan, Parliamentary Under-Secretary for Prices and Consumer Protection, told the National Federation of Wholesale Grocers in London yesterday.

"The benefits of this are likely to continue," he added. "We have in prospect the beginnings of not a vicious, but a virtuous circle."

Stability in commodity prices and restraint in wage claims promised a real prospect that food prices could be successfully held down in the shops.

In April, the rise in food prices was down to 6.3 per cent.—more than 1.5 per cent. below the overall increase in the retail price index and the lowest figure since 1970, Mr. Maclennan claimed.

This improvement in the food price index was neither a freak figure nor some statistical aberration. It represented a real improvement with every indication that it was not simply a temporary phenomenon, he added.

Weekend roast goes up again

By Our Commodities Staff

SHOP PRICES of home-killed lamb have gone up sharply again this week. Best cuts of beef are also dearer, although prices for other meats are generally more stable.

Leg of lamb is 4p a pound dearer on average, selling at £1.26 a pound compared with £1.22 a week ago and only £1.14 in the first week of the month, according to the Meat and Livestock Commission's weekly shop survey.

The average price of boneless sirloin has gone up another 2p a pound during the week to £1.56p. Rump steak now averages £1.83 a pound and ranges up to £2.08. Average price at the start of the month was £1.77.

Mr. Colin Cullimore, managing director of Dewhurst, the High Street butchers' chain, claimed yesterday that reports of a shortage of meat supplies were not true. "The housewife, after the recent price increases, should now enjoy a period of price stability."

"Beef and pork prices are likely to remain constant until the autumn."

The Meat Trades Federation, which represents independent butchers, is planning to appeal to the Ministry of Agriculture for the release of beef from the EEC's 350,000-tonnes surplus stock and controls on the export of beef calves.

● The Ministry is expected to announce the release today of 1,000 tonnes of cold store beef for sale at specially reduced prices to "social institutions."

Sharp rise in coffee market

By Our Commodities Staff

CONCERN ABOUT Brazilian weather prospects continued to dominate the world coffee market yesterday. In London futures prices rose sharply and the July quotation ended the day £62 higher at £1.638 a tonne.

Reports of a light frost in Southern Brazil on Monday night had been played down by local trade sources, who said the affected area was not part of the coffee-growing region. A similar scare earlier this month had been shrugged-off for the same reason.

Most London coffee traders agree that it is still far too early for the Brazilian crop to be hit by a serious frost, but these two early scares appear to have put a large section of the market into a "wintery" mood.

Many speculators made covering purchases against earlier "short" sales yesterday rather than risk running their "positions" over the coming long weekend.

Cobalt price up

BY JOHN EDWARDS, COMMODITIES EDITOR

THE ZAIRE metals marketing organisation, Sozacom, confirmed yesterday it is raising the price it charges for cobalt by nearly 30 per cent with immediate effect.

The UK price goes up from £8,250 to £10,650 a tonne and the world U.S. quotation from $6.85 to $8.50 a pound. This is in line with the increases announced by Zambian and Finnish producers earlier this week.

Meanwhile in the free market cobalt is being quoted at $22-28 a pound, although little business is reported since consumers are apparently holding off buying until the production situation in Zaire becomes clearer.

The general view of dealers is that prices are likely to rise worse in the months ahead if conditions at the Zaire mines are as bad as feared. They claim that the new producer price of $8.50 is largely nominal since it is only available to consumers receiving contracted supplies, which are already strictly rationed.

Anyone wishing to make up a shortfall in cobalt requirements will have to pay the free market price.

It is also claimed that in many uses cobalt is not substitutable by other metals such as nickel, which can be used as a replacement only in some area.

It was confirmed that the Soviet Union was a prominent buyer of cobalt earlier this year. One London dealer sold a substantial quantity in February. He pointed out that Communist bloc buying tended to be highlighted by the fact that it was all channelled through one state buying organisation rather than the fragmented buying by Western world consumers.

He said the turning point in the cobalt market had come when the U.S. stockpile authorities decided to increase the stockpile target instead of disposing of surplus sales.

The U.S. has virtually no domestic production of cobalt which is found almost exclusively in Africa. It is therefore reluctant to run down strategic stocks.

Copper rise 'set to continue'

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES will continue to rise, Mr. Robert Perlman, managing director of Commodities Research Unit predicted yesterday.

Speaking at the London conference of the Bureau International de la Recupération, Mr. Pelman said that the conflict in Zaire's Shaba province had cut world copper supplies by more than 300.000 tonnes immediately, while production would be disrupted for some time to come.

Output was likely to be reduced to an annual rate of little above 100.000 tonnes compared with nominal capacity of 575.000 tonnes.

He said it was wrong to think that the high level of refined copper stocks, still overhanging the market, made the interruption of Zaire supplies unimportant.

The market for concentrates and unrefined blister copper was "tight" and would have continued to be so, even without the fighting in Zaire. There would certainly be some falls in stocks, and probably reduced throughput in European and Japanese custom treatment plants in the months ahead.

On the London Metal Exchange yesterday, copper prices rose on forecasts of a cut in Zaire deliveries. There were some profit-taking sales at the higher levels, however, which restrained the rise.

Meanwhile, U.S. copper producers have claimed that a reduction in copper imports next year to 198.000 short tons is essential to relieve the depressed situation in the U.S. copper industry, Reuter reports from Tucson, Arizona.

The proposed quota would be 190.000 short tons below actual 1977 imports of 390,000 short tons.

At a hearing before the U.S. International Trade Commission, Mr. Douglas J. Bourne, president of Duval Corp., speaking for all 12 major American copper companies, recommended that quotas be imposed until 1983.

INDIAN FOOD GRAIN

Irrigation eases harvest fears

BY K. K. SHARMA IN NEW DELHI

INDIAN FOODGRAIN production is estimated at a record 125m tonnes in the food year July 1977 to June 1978, and the Agriculture Ministry is making preparations for a minimum production of 126m tonnes in 1978-79.

This should be possible, even if the monsoon is below average this year, because of the country's rapidly increasing irrigation potential and the rise in consumption of inputs like fertilisers. If the monsoon is good, production could reach 130m tonnes.

Officials admit that malnutrition is still a problem, although they do not confirm reports that about 30 per cent of the population is affected. This is a problem, however, that can be tackled only through higher purchasing power, which means economic growth. This apart, it can now be said that India is over the hump so far as producing enough food for its people is concerned.

The Government has set a target of 12m tonnes of foodgrain as a buffer stock to be used when natural calamities affect food production. The buffer stock is at present just over 10m tonnes, although there are another 4.5m tonnes available as what officials call "operational stocks."

After the present procurement campaign is over by July, stocks are expected to total about 20m tonnes, which is more than adequate to cope with any crisis.

India has had a run of good monsoon years and it is possible that this year will not be as kind. The Government is preparing for what it calls an "average" monsoon. If 126m tonnes can be produced even when weather conditions are not good, it will mean that a high potential of minimum production has been created.

Consumer demands will vary according to purchasing power, but it is estimated that it will be roughly 125m tonnes this year—which means that India is now producing just enough to feed its population of more than 620m. If plans to increase production succeed, the annual rise in papulation of 2 per cent will be more than offset by a minimum increase in production of 4-5m tonnes.

The main method of increasing production is to bring another 17m hectares under irrigation of all kinds, ranging from big dams to small wells, in the next five years. If successful, this will increase production potential by a minimum of 5m tonnes a year and to that extent protect India against the vagaries of the monsoon.

At present, just 26 per cent of the arable land is irrigated (about 140m hectares) to which about 30m can be added because of multi or double cropping.

Fertiliser consumption has been increasing sharply. In 1975-76, consumption of nutrients was 2.89m tonnes. This has risen progressively so that in 1977-78 the figure was 4.1m (the actual quantity of nitrogenous and phosphatic fertilisers would be up to three times these figures). Plans are to increase consumption of nutrients by 800,000 tonnes in 1978-79, although actual use will depend on availability of water.

The food situation has now "stabilised" because of both the comfortable stocks position and the planned increase in irrigation and fertiliser consumption to make further annual increase in production possible. Stocks are such that India can cope with a major calamity like drought and floods without the need for imports for at least one year—a dramatic change from the position just five years ago.

India has actually begun exports in a small way, although these are at present limited to "loans" to Vietnam (370,000 tonnes) and Afghanistan (80,000 tonnes) and a gift of 1,000 tonnes to Laos. In addition 1.4m tonnes of the 2m tonne wheat loan taken from Russia in 1973 has been repaid.

Two key projects are now being implemented. The first is the "food-for-work" project, under which 200,000 tonnes were used to pay labourers on irrigation and other schemes last year. The experiment is proving a success and is helping to improve nutrition. The target is to increase the amount of "food for work" this year to 1m tonnes.

It is important to increase setorage facilities quickly, especially since considerable damage has been caused to existing stocks. This is being attempted both through projects aided by the World Bank (adding 3.5m tonnes of storage space) and schemes for Governmental financial assistance to be given to private agencies.

In the estimated 125m tonnes of grain produced in 1977-78, there is a record rice production of 52m tonnes, a record wheat output of 31.1m tonnes and a record sorghum production of 12m tonnes.

Total output of "coarse" grains is 11.5m tonnes, including sorghum, millet pulses.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher again. After opening easier at £754 owing to a disappointing overnight Comex forward metal moved ahead reflecting rumours of a possible Zaire force majeure coupled with good continental demand which took the price up to £769. This level attracted profit-taking, however, and the price dipped to £765 on the morning kerb. In the afternoon a lower than expected Comex opening saw values ease afresh with forward material coming off to £761.5 before recovering on fresh buying to close at £766.5. Turnover, 26.225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Wirebars				
Cash	747.5-8	+7	744-5	+4
3 months	767-.5	+6.75	764-.5	+3.5
Settlem't	748	+7	—	......
Cathodes				
Cash	738-9	+5.25	737-8	+5
3 months	758-9	+6.25	757-.5	+4.5
Settlem't	739	+5.5	—	......
U.S. Smt.	—	......	64	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £748, 47.5, 48, three months £768, 67, 68.5, 66, 66.5, 67, 67.5. Cathodes, three months £758.5. Kerb: Wirebars, cash £746, three months £767, 66.5, 66, 65.5, 65, 65.5, 66, 65.5, 66. Afternoon: Wirebars, three months £762.5, 62, 61.5, 62, 62.5, 63, 64, 64.5. Cathodes, three months £757. Kerb: Wirebars, three months £765, 65.5, 66, 66.5, 67, 66.5.

TIN—Rallied. After opening lower at £6.288 following the downturn in the Penang price forward standard metal recovered to £6.360 reflecting continental buying and covering against overnight U.S. physical demand. Profit-taking and hedge selling pared the price to £6.310 on the morning kerb, however. In the afternoon values moved within narrow limits with forward metal finally quoted at £6.360 on the late kerb. Turnover, 1,480 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	†+ or —
High Grade	£	£	£	£
Cash	6470-500	-7.5	6445-65	+85
3 months	6350-60	-35	6360-80	+47.5
Settlem't	6500	+5	—	......
Standard				
Cash	6425-30	-47.5	6420-30	+55
3 months	6345-50	-25	6345-50	+40
Settlem't	6430	-50	—	......
Strait E.	$1635	-16	—	......
New York	—	......		......

Morning: Standard, cash £6,430, three months £6,325, 30, 50, 45, 50. High Grade, cash £6,470. Kerb: Standard, three months £6,350, 45. Afternoon: Standard, three months £6,310, 05, 10, 20, 25, 30, 40, 50. Kerb: Standard, three months £6,346, 50, 60, 70.

LEAD—Lower in quiet trading. Forward metal rose to £314.5 in the morning rings reflecting the firmness of copper. Profit-taking then pared values with forward metal dipping to £309 in the early afternoon prior to recovering to £312 on the late kerb. Turnover, 5,425 tonnes.

COFFEE

ROBUSTAS continued their recent uptrend, as anxieties over the availability of nearby coffee increased, Drexel Burnham reported. Heavy dealer buying in May and July was well complemented by chartist interest, as values rose. New York limit-up, discouraging jobber profit-taking...

RUBBER

EASIER opening on the London physical market. Fair interest at lower levels, closing quietly steady. Lewis and Peat reported that the Malaysian market was...

SOYABEAN MEAL

GRAINS

SILVER

COCOA

SUGAR

WOOL FUTURES

JUTE

COTTON

MEAT/VEGETABLES

Lamb: English small new season 66.0 to 76.0, medium 66.0 to 74.0. Imported frozen: NZ PL 51.0 to 51.0, PM 49.5 to 50.5.

Pork: English, under 100 lbs 36.0 to 45.0. 100-120 lbs 38.0 to 44.0, 120-160 lbs 36.0 to 42.0.

Rabbits (skinned): English tame 64.0 to 65.0, Chinese 41.0 to 43.0, Australian...

PALM OIL

PRICE CHANGES

Prices per tonne unless otherwise stated.

INDICES

FINANCIAL TIMES

REUTERS

DOW JONES

MOODY'S

U.S. Markets

Gold price steady

NEW YORK, May 23.

GOLD held very steady on local buying in anticipation of a constructive price on the U.S. gold auction today. Silver closed higher in sympathy with gold. Copper finished barely higher as speculative profit-taking weighed on the market. Cocoa eased on light arbitrage and commission house selling.

Cocoa—July 135.25 (136.50), Sept. 131.95 (133.40), Dec. 127.90, March 125.25, May 123.25, July 121.25, Sept. unquoted. Sales: 800 lots.

Coffee—"C" Contract May 179.00 (173.15), July 163.20-163.25 (161.55), Sept. 153.75, Dec. 146.00, March 137.50-139.00, May 133.00-136.00, July 131.00, Sept. 127.00-129.00. Sales: 570 lots.

Copper—May 61.90 (61.80), June 62.00 (61.90), July 62.60, Sept. 63.70, Dec. 65.30, Jan. 65.80, March 66.50, May 67.80, July 68.80, Sept. 69.80, Dec. 71.30, Jan. 71.80, March 72.80. Sales: 7,600 lots.

Cotton—No. 2 July 61.00-61.25 (61.43), Oct. 62.90-62.695 (63.35), Dec. 64.15-64.25, March 65.65, May 65.75-65.90, July 66.25-66.40, Oct. 65.75-66.00. Sales: 465.000 bales.

*Gold—May 181.30 (179.40), June 181.80 (179.90), July 183.00, Aug. 184.40, Oct. 187.10, Dec. 189.80, Feb. 192.50, April 195.30, June 198.10, Aug. 200.90, Oct. 203.70, Dec. 206.60, Feb. 209.50. Sales: 7,500 lots.

†Lard—Chicago loose not available. New York prime steam 24 12 (24.00 nom.).

‡Maize—May 263½-262½ (257), Sept. 262½-262 (255½), Dec. 266-265½, March 272½-272½, May 275½-275, July 276.

§Platinum—July 251.50-252.20 (246.50), Oct. 251.30-252.00 (247.50), Jan. 252.00, April 253.00, July 254.70-254.90, Oct. 256.70-256.90, Jan. 256.70-256.90. Sales: 1,978 lots.

This edition was printed before last night's American commodity prices were available.

¶Silver—May 519.80 (516.40), June 520.50 (517.40), July 524.30, Sept. 531.20, Dec. 542.70, Jan. 546.70, March 554.80, May 563.00, July 571.50, Sept. 580.10, Dec. 593.30, Jan. 597.80, March 607.00. Sales: 16.000 lots.

Soyabeans—July 717-715½ (706½), Aug. 705-706 (635½), Sept. 675-673½, Nov. 644-641, Jan. 648-649, March 655-654½, May 657½, July 656½.

||Soyabean Meal — July 180.50-180.20 (179.20), Aug. 180.10 (179.00), Sept. 178.80-178.20, Oct. 174.20, Dec. 171.60-172.00, Jan. 172.70, March 173.50, May 174.50.

Soyabean Oil — July 27.10-27.20 (26.57), Aug. 26.30-26.40 (25.95), Sept. 25.50, Oct. 24.90-24.80, Dec. 24.20-24.15, Jan. 23.75-23.80, March 23.60-23.65, May 23.45-23.50, July 23.15-23.25.

Sugar—No. 11: July 7.27-7.33 (7.20), Sept. 7.56-7.58 (7.57), Oct. 7.70-7.72, Jan. 8.00-8.20, March 8.46-8.45, May 8.60-8.61, July 8.80-8.81, Sept. 9.00, Oct. 9.10-9.15. Sales: 4,690 lots.

Tin—527.00-525.00 asked (534.00-543.00 asked).

**Wheat—July 333-334 (323½), Sept. 335-334½ (326), Dec. 341-341½, March 341-343, May 348-342.

WINNIPEG, May 23. ††Rye—May 107.10 bid (106.60), July 107.40 bid (104.00 asked), Oct. 109.40-108.60 bid, Nov. 106.00 bid, Dec. 107.80 bid.

††Oats—May 87.50 (same), July 82.50 asked (81.70 asked), Oct. 80.00 bid, Dec. 78.60 bid, March 79.40.

‡‡Barley—May 82.00 bid (80.00), July 82.10 (80.80), Oct 81.00 bid, Dec. 79.90 bid, March 80.00 bid.

§§Flaxseed—May 256.50 bid (254.00 bid), July 250.00 asked (same), Oct. 255.30, Nov 255.60, Dec. 255.60.

¶¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 166.70 (183.42).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounces—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse. 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars. Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 34 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

STOCK EXCHANGE REPORT

Equities rebound late ahead of IMF letter of intent

Share index 3.4 up at 474.0, after 466.8—Gilts untested

Account Dealings Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets received a late boost on reports that the letter of intent setting out details of the new agreement enabling the UK to keep the right to the International Monetary Fund standby credit would be announced today, earlier than originally thought. Gilt-edged securities also improved marginally, but only after a slightly disappointing and lack-lustre day.

Dull trading conditions in industrials during the morning were relieved only by first-time dealings in Eurotherm International. Following the heavy oversubscription, the shares were expected to command a good premium but the opening quote of 146p, a premium of 46p on the issue price, astounded the throng of potential operators surrounding dealing pitches.

Hectic trading ensued for 30 minutes or so but the evenly-balanced nature of business allowed only moderate price fluctuations, between 150p and 142p, before a close of 148p.

This apart, the tone reflected continuing economic and financial worries. In the absence of any real pressure to sell, however, leading issues began to find isolated support and the subsequent recovery received help from BOC International's half-yearly figures. These were thought to be slightly better than some market estimates and increased the prospects for more encouraging trading statements from other top name companies today.

Despite the activity in Eurotherm, bargains marked were lower at 4,657 compared with 4,953 the previous day and, depicting the day's events, the FT Industrial ordinary share index was 3.8 down at the 11 pm calculation, but closed with a net rise of 3.4 at 474.0.

Funds subdued

Hopes that the Government broker would be able to sell more of the long tap, after Wednesday's reactivation at a lower price, were not fulfilled and British Funds of a longer maturity traded extremely quietly. Such was the subdued nature of the market that even the late reports concerning the UK's letter of intent to the IMF failed to make an impression although quotations were raised fractionally. Similarly, shorter issues struggled to maintain small improvements during much of the official session as conjecture about the authorities cutting the price of the tap at this end of the market began to diminish. Corporations recorded a few mixed changes, while Essex Water 7 per cent preference 1983 made an unin-spiring debut, in £10-paid form, at £10¼.

As on Tuesday, only about a half of the 90 positions were dealt in in Traded Options, and the total number of deals, at 362, was again well below the recent daily average which last week amounted to 723. Marks and Spencer claimed most attention with 91 trades and, in contrast to most other positions, the October and January 120 series showed significant gains. Widespread improvements were also registered in Land Secs.

The premium again moved narrowly in the investment currency market and, after a reasonable two-way trade, closed ¼ lower on balance at 111¼ per cent. Yesterday's conversion factor was unchanged at 0.6782.

Banks up again

The major clearing banks took the previous day's rally a stage further as recent fears of imminent corset controls on bank lending continued to recede. Lloyds added 10 at 285p and Midland closed 9 higher at 375p. NatWest, which increased its personal and other loan interest rates by 1 per cent yesterday, put on 2 more to 278p. Foreign issues moved in a similar direction with Hong Kong and Shanghai up 7 at 272p and Bank of New South Wales 8 dearer at 540p. Reflecting the sharp return to profitability and resumption of dividend payments, Keyser Ullmann hardened 2 to 43p in Merchant Banks where Hambros also gained 2, to 187p, and Minster Assets edged forward a fraction to 64¼p; the preliminary results of the last-named are due today. Among irregular Discounts, Union declined 10 to 300p but Allen Harvey and Ross closed that much higher at 295p.

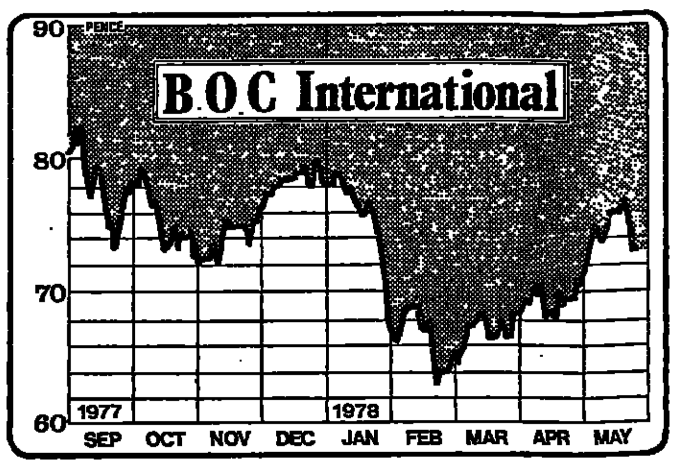
The chairman's revelation at the annual meeting that the group has started the current year with a substantial UK underwriting loss brought about a modest fall of 3 to 531p in Sun Alliance.

Slightly easier for most of the day, Breweries were moving ahead in the late trend. Bass Charrington closed 2 up at 165p in front of today's interim statement, while Allied ended the same amount up at 91p.

Early small losses in leading Buildings were erased by the close. In a continuation of Tuesday's quiet trade, the sector remained featureless with the notable exception of Wettern Brothers which rose 7 to 88p ahead of the annual results due tomorrow. Hoveringham closed a penny better at 78p on news of the acquisition of U.S. company Superior Sand and Gravel; the Restricted Voting shares firmed 1½ to 72p.

Following the bid from Tenneco of 165p cash per share, Albright and Wilson resumed dealings at 162p against a suspension price of 123p and closed 43 higher on balance at 166p on indications that Albright will reject the offer. ICI, initially a couple of pence easier at 371p, revived in late dealings to close a net 5 higher at a 1978 peak of 378p ahead of today's first quarter figures. Fisons, however, eased a couple of pence more to 360p in further response to the chairman's statement, while Alginate fell 18 to 260p, after 253p, following the chairman's profits warning. Despite the improvement in profits at the half-way stage, Crystalate eased 2 to 25p.

A friendless market of late, Marks and Spencer revived with a rise of 4 to 139p following the chairman's bullish annual statement in which he revealed that current year sales are up 20 per cent, including a better-than-expected 10 per cent increase on the food side despite the price war. This helped sentiment in Stores generally and improvements of a couple of pence were later seen in Gussies A, 276p, UDS, 89p, Mothercare, 162p and W. H. Smith, 150p. British Home closed 3 to the good at 199p after the annual report. Elsewhere, MFI advanced 6 to 81p on speculative buying in a thin market and Moss Bros. improved 3 to 118p for a similar reason. Still drawing strength from the chairman's confident remarks about future prospects, Helene of London edged forward a penny more to 19p and the 12 per cent preference added 11 to 175p.



Ever Ready, a dull market of late on trading news, revived with an improvement of 5 to 144p. Other Electricals were generally quiet and little changed. A. F. Bulgin A moved up 2 to 24p in response to Press comment, but Muirhead gave up a like amount to 181p on further consideration of the interim figures and Philips' Lamp, at 910p, gave up 8 of the previous day's advance of 46.

Engineering leaders closed with small improvements after a thin trade. John Brown continued firmly at 366p, up 2, while Hawker and Tubes ended similarly dearer at 216p and 376p respectively. Unsettled on Tuesday by the chairman's disclosure that the group is cutting projected capital spending by around £10m because of delays in nationalisation compensation payments, Vickers perked up and also finished 2 harder, at 173p. Secondary issues had J. H. Dennis 3 better at 40p, after 41p, following the interim results and Clayton Sons, 74p, and Hill and Smith, 63p, 4 and 5 higher respectively. Standing a few pence better immediately in front of the statement, Ransome Hoffmann Pollard lost ground in reaction to the first-half profits setback and closed unchanged at the overnight level of 56p.

Of the few firm spots in Foods, J. Lyons closed 2 harder at 93p and Highgate and Job 3 up at 59p.

After having eased to 182p, Ladbroke rallied on the optimistic tenor of the chairman's statement at the annual meeting and closed a penny cheaper on balance at 187p. Small buying in a restricted market lifted Kursaal 6 to a 1978 peak of 96p. Adda International were fairly active and 2 harder at 43p.

Avon Rubber fall

Miscellaneous Industrial leaders closed at the day's best after a late show of strength. Unilever, an unsettled market of late following disappointing first-quarter profits, rose 10 to 518p and Bowater closed 6 up at 190p. Trafalgar House moved up 4 to 133p in response to Press comment and Turner and Newall finished 3 higher at 181p. Beecham were erratic in front of today's preliminary results, easing to 650p initially before picking up to close a penny harder on the day at 657p. Elsewhere, Avon Rubber became a prominent casualty, falling 20 to 188p, after 186p, on disappointment with the first-half profits. Dobson Park, on the other hand, rose 7 to 92p following the announcement of a dividend-boosting £5m rights issue and Eastern Produce closed a penny up at 109p following the sharply higher annual earnings. In front of their respective half-yearly statements today, Hay's Wharf put on 3 to 144p and ICL gained 4 to 298p. Buying ahead of the preliminary results, due on June 6, took De La Rue up 7 to 330p, while improvements of around 4 were recorded in Petrocon, 70p, and Dunbee-Combex, 134p. Gomme softened 1½ to 75½p in front of today's first-half figures and British Syphon declined a similar amount to 57p on the results. Dealings in Empress Services were suspended at 12¼p pending reorganisation particulars.

Heron Motor figured prominently in Motors and Distributors, rising 5 to 110p on renewed investment demand. Lucas Industries improved similarly to 306p, while more modest gains were seen in Hanger Investments, 41p, and Wadham Stringer, 45p. Manchester Garages became active, but ended unchanged at 36p. York Trailer, however, lost a penny more to 63p on further consideration of the interim report.

Further investment demand left United Newspapers 6 higher at 362p, while Portsmouth and Sunderland Newspapers responded favourably to the annual results to close 2 better at 61p. In Paper/Printings, DRG firmed 2 to 118p encouraged by the chairman's statement, while Brunning, a couple of pence to the good directly after the announcement of annual results, eased later to close unaltered at 70p. McCorquodale, 270p, continued firmly ahead of interim figures due early next month, but Transparent Paper eased slightly to 65½p in response to the annual results.

Trade continued to improve in Properties which closed on a firm note. MEPC gained 3 to 127p on the higher earnings at the half-way stage. Stock Conversion, 242p, and Great Portland Estates, 296p, both closed 4 higher, while Land Securities put on 3 to 211p. Allied London improved a penny to 54½p following the interim results.

Leading Oils were again traded quietly with Wall Street advices leaving British Petroleum 6 lower at 880p. Shell finished a couple of pence easier at 556p. Burmah also eased 2, to 68p, after profit-taking on recent firmness. In contrast, Ultramar firmed 3 to 284p, after 289p, in response to the first quarter statement. Speculative favourite Siebens UK were again actively traded after news of Chevron's North Sea oil discovery and closed 24 higher at 430p after touching 437p in early trading. In sympathy with Siebens, Viking Oil moved up 11 to 145p. Elsewhere, Endeavour eased 2 to 18p following Press comment, while Sceptre Resources cheapened 20 to 590p after the recent firm showing in Canada.

Thomas Borthwick came on offer in Overseas Traders, falling 9 to 57p on the first-half profits setback. Still reflecting fading bid hopes, United City Merchants eased 2 to 64p for a two-day fall of 6. Inchcape fell 7 to 418p, but S. Hoffnung revived with a rise of 5 to 87p.

Although closing on a dull note in sympathy with Wall Street, losses in Investment Trusts were generally limited to a penny or two. City and Foreign Investment were exceptionally dull at 80p, down 4½, while Brycourt eased 3 to 72p and Wemyss Investment 8 to 284p. Atlanta Baltimore and Chicago finished 2 cheaper at 71p following details of its loan facility. Financials were noteworthy for fresh interest in Fitzroy Investment, 1½ firmer at 13¾p, and Dalgety, 4 to the good at a 1978 peak of 268p.

Shippings attracted a late flurry of interest, possibly on yield considerations, and closed firmly. Furness Withy featured with a jump of 13 to 279p in a market none too well supplied with stock.

Golds easier

A disappointing performance by the bullion price, which was finally $1 easier at $180.125 per ounce, saw South African Gold shares lose ground in quiet trading yesterday.

There was no follow-through of Tuesday evening's late U.S. interest and prices drifted throughout the day although one or two late enquiries were reported.

The Gold Mines index gave up 1.3 more to 153.8. Losses in the heavyweights ranged to ⅜ in Hartebeest, £12¾, and Vaal Reefs, £12½, while Free State Geduld fell ¼ to £15⅛ and Western Holdings eased ¼ to £17⅜.

South African Financials mirrored Golds with prices losing ground during the day and then recovering a shade in the late trade.

On the other hand, the U.K. registered Rio Tinto-Zinc moved ahead strongly to close 5 better on balance at 219p despite the chairman's statement at the annual meeting that results for the first six months of 1978 will not be as good as those for the first half of 1977. The continuing firmness of the copper price on the London Metal Exchange was said to have been an influential factor in the strengthening of the share price.

The rise in the copper price also prompted a good demand for Minorco, another 6 better at a 1978 high of 174, and Messina, 4 to the good at 93p.

Tins moved ahead across a broad front. Malayan Tin were outstanding with a rise of 15 to a high of 300p.

Australians were again active with further speculative buying being partly offset by bouts of profit-taking, but Whim Creek advanced 10 to a high of 60p on persistent buying.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	45	1	30
Cpn. Dom. and Foreign Bonds	13	6	46
Industrials	219	303	1,025
Financial and Prop.	77	109	333
Oils	8	11	15
Plantation	7	6	19
Mines	37	49	37
Recent Issues	2	3	19
Totals	408	488	1,524

FINANCIAL TIMES STOCK INDICES

—	May 24	May 23	May 22	May 19	May 18	May 17	A year ago
Government Secs	70.42	70.59	70.19	70.45	70.97	71.12	70.06
Fixed Interest	71.95	71.97	71.74	71.99	72.32	72.50	70.66
Industrial Ordinary	474.0	470.6	468.8	470.6	480.9	480.3	468.8
Gold Mines	153.8	155.1	156.3	153.2	161.0	160.6	105.0
Ord. Div. Yield	5.56	5.59	5.62	5.61	5.50	5.51	5.04
Earnings Y'ld% (full)*	16.82	16.98	17.04	17.03	16.68	16.73	15.40
P/E Ratio (net)(*)†	7.95	7.88	7.85	7.86	8.02	8.00	9.49
Dealings marked	4,657	4,953	5,240	6,646	4,795	5,707	8,267
Equity turnover £m	—	69.68	62.46	85.38	88.28	73.59	100.06
Equity bargains total	—	13,514	14,083	16,054	15,845	16,261	20,980

10 am 467.2. 11 am 466.8. Noon 468.6. 1 pm 469.3. 2 pm 469.2. 3 pm 470.3.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.79.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	70.19 (22/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	71.74 (22/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (5/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (6/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 24	May 23
—Daily		
Gilt-Edged	139.1	160.4
Industries	169.1	175.2
Speculative	32.2	29.7
Totals	106.0	112.7
5-day Av'rage		
Gilt-Edged	150.7	152.8
Industrials	182.9	189.5
Speculative	35.1	38.6
Totals	115.1	119.9

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Boots	25p	10	195	+ 1	231	184
Eurotherm Intl.	10p	10	146½	—	150	142
ICI	£1	9	378	+ 5	378	328
BP	£1	8	880	− 6	892	720
Ladbroke	10p	8	187	− 1	215	162
Shell Transport	25p	8	556	− 2	586	484
Allbright & Wilson	25p	7	166	+43	166	86
Burmah Oil	£1	7	68	− 2	70	42
Dobson Park Inds.	10p	7	92	+ 7	92	67
GUS A	25p	7	276	+ 2	312	258
Marks & Spencer	25p	7	139	+ 4	160	135
RTZ	25p	7	219	+ 5	219	164
Ultramar	25p	7	284	+ 3	294	194
Barclays Bank	£1	6	340	—	358	296
Beecham	25p	6	657	+ 1	678	583

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 23	Jun. 6	Aug. 17	Aug. 30
Jun. 7	Jun. 20	Aug. 31	Sep. 14
Jun. 20	July 4	Sep. 14	Sep. 28

For rate indications see end of Share Information Service

Money was given for the call in Ladbroke and Warrants, Dunlop, Letraset, Savoy Hotel "A," Avana, Ultramar, Thorn Electrical, Daily Mail "A," Hanson Trust, Eurotherm, K Shoes, Gussies "A," Fitch Lovell, Pacific Copper, Intereuropean Property, Heron Motor, Racal Electronics, Ofrex, English Property and Siebens Oil (UK). Puts were taken out in Anderson Strathclyde, Crosby House, Vernon Fashion and Eurotherm, while doubles were arranged in Lofs, Dixon's Photographic, Eurotherm, Intereuropean Property and Burmah Oil.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (107)

AMERICANS (5)
CANADIANS (4)
BANKS (3)
BEERS (1)
BUILDINGS (4)
CHEMICALS (3)
DRAPERY & STORES (6)
ELECTRICALS (1)
ENGINEERING (8)
HOTELS (3)
INDUSTRIALS (20)
MOTORS (3)
NEWSPAPERS (1)
PAPER & PRINTING (3)
PROPERTY (3)
SHOES (1)
TEXTILES (4)
TRUSTS (6)
OILS (1)
OVERSEAS TRADERS (3)
RUBBERS (2)
TEAS (3)
MINES (19)

NEW LOWS (11)

BRITISH FUNDS (1)
Treas. 10½pc 1978
BANKS (1)
Grindlays
CHEMICALS (1)
Alginate Inds.
ENGINEERING (2)
Jones Group
Whessoe
FOODS (2)
England (J. E.)
Stocks (Joseph)
INDUSTRIALS (1)
Dentsply 9pc Cnv. 1991-96
PAPERS (1)
Transparent Paper
PROPERTY (1)
Gilgate
OILS (1)
KCA

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LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Section	%	Section	%
Gold Mines FT	[illegible]	Contracting and Construction	[illegible]
Tobaccos	[illegible]	Insurance (Life)	[illegible]
Overseas Traders	+13.57	Pharmaceutical Products	[illegible]
Office Equipment	[illegible]	Building Materials	[illegible]
Mining Finance	[illegible]	All-Share Index	[illegible]
Newspapers and Publishing	[illegible]	Consumer Goods (Non-durable) Group	[illegible]
Engineering Contractors	[illegible]	Banks	[illegible]
Textiles	[illegible]	Investment Trusts	[illegible]
Mechanical Engineering	[illegible]	Entertainment and Catering	[illegible]
Motors and Distributors	[illegible]	Packaging and Paper	[illegible]
Toys and Games	[illegible]	Electronics, Radio and TV	[illegible]
Oils	[illegible]	Electricals	[illegible]
Chemicals	[illegible]	Household Goods	[illegible]
Insurance Brokers	[illegible]	Food Manufacturing	[illegible]
Metal and Metal Forming	[illegible]	Property	[illegible]
Breweries	[illegible]	Food Retailing	[illegible]
Capital Goods Group	[illegible]	Shipping	[illegible]
Other Groups	[illegible]	Stores	[illegible]
Wines and Spirits	[illegible]	Insurance (Composite)	[illegible]
500 Share Index	[illegible]	Discount Houses	[illegible]
Industrial Group	[illegible]	Hire Purchase	[illegible]
Consumer Goods (Durable) Group	[illegible]	[illegible]	[illegible]

† Percentage changes based on Tuesday, May 23, 1978, indices.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol	January Closing offer	January Vol.	Equity close
BP	750	145	—	155	5	175	—	881p
BP	800	95	—	114	—	135	6	"
BP	850	55	—	76	—	96	5	"
BP	900	23	15	47	1	68	4	"
Com. Union	140	14½	25	20	—	22	—	148p
Com. Union	160	3½	40	9½	4	13½	—	"
Cons. Gold	160	18	—	24½	2	29	1	175p
Cons. Gold	180	6	15	14	4	19	3	"
Courtaulds	100	22	—	22	2	22	10	121p
Courtaulds	110	12	—	13	—	17	—	"
Courtaulds	120	8½	—	10	—	12	—	"
Courtaulds	130	5½	—	9	—	10	—	"
GEC	220	40½	2	47	—	53	—	254p
GEC	240	23	—	32	—	40	—	"
GEC	260	11	3	22	—	29	—	"
Grand Met.	100	16½	7	19½	—	21½	—	112p
Grand Met.	110	8	2	11½	15	16½	1	"
Grand Met.	120	4½	16	8	—	12	—	"
ICI	330	50	2	65	2	59	—	378p
ICI	360	26	1	33	9	40	—	"
ICI	390	9	—	19	—	26	7	"
Land Secs.	180	36½	6	38	2	41	5	211p
Land Secs.	200	17½	6	22	17	26½	2	"
Land Secs.	220	5¼	10	12	5	17	7	"
Marks & Sp.	120	25½	—	27½	12	30	7	130p
Marks & Sp.	140	8½	22	13½	24	16½	—	"
Marks & Sp.	160	2¼	—	5	10	9	16	"
Shell	500	73	—	97	—	102	—	559p
Shell	550	33	—	52	4	60	—	"
Shell	600	11½	—	21	—	32	5	"
Totals			167		118		77	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or —	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
100	F.P.	—	150	142	Eurotherm	148	—	2.64	64.0	2.7	15.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or —
¶¶	F.P.	—	97½p	91p	Amal. Inds. 10.6% 2nd. Prf.	97p	−½
$100	F.P.	—	$99¾	$98¾	Amer. Express Int Fin. Variable 82	$99¾	.....
100p	F.P.	20/6	110p	109p	Armitage (G.) 10½% 2nd Cum. Pref.	109p	.....
100p	F.P.	—	104p	100p	Brittain 9% Conv. Cum. Red. 2nd Pref.	104p	.....
††£97.65	£10	—	10¼	10¼	Essex Water 7% Red. Pref. 1983	10¼	.....
¶¶	Nil	—	27½	27	Guthrie Malay. 10% Int. Mort.	27	.....
£99	£50	25/8	49¼	46¾	Greenwich (Lon. Boro. of) 11½% Red. 1986	47	−¼
—	F.P.	9/6	105p	103p	Menzies (J.) 9% Cum. Pref.	104½p	.....
100p	—	23/6	100p	97½	Pittard 9½% Cum. Prf.	97½p	.....
£100	Nil	26/6	1pm	½pm	Tebbit 15% Cnv. Uns. Ln. 1953	½pm	.....
£98¾	£10	1/9	10	8	Tyne & Wear 12% Red. 1986	8⅛	−⅛
••	F.P.	16/6	101½p	101p	Wade Potteries 10% Pref.	101	.....

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or —
20p	Nil	15/6	7/7	162pm	Brent Chemicals	161pm	[illegible]
85	F.P.	25/5	23/6	[illegible]	Brown Boveri Kent	[illegible]	[illegible]
50	F.P.	[illegible]	[illegible]	[illegible]	Bullough	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Canadian Imperial Bank	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Central Manufacturing	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Horizon Midlands	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Robertson Mackintosh	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Turner & Newall	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wellco	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p† Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. ¶¶ Reintroduced. ¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups	Wed., May 24, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. May 23 Index No.	Mon. May 22 Index No.	Fri. May 19 Index No.	Thurs. May 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	211.78	+0.3	17.75	5.63	7.86	211.16	210.47	211.50	214.92	185.71
2	Building Materials (28)	189.38	—	18.13	5.73	7.90	189.40	188.77	190.34	192.84	153.80
3	Contracting, Construction (26)	338.29	−0.3	19.95	4.01	7.25	339.17	338.05	341.48	343.98	261.70
4	Electricals (15)	446.17	+1.1	15.33	3.97	9.25	441.33	440.64	441.00	451.72	361.11
5	Engineering Contractors (14)	316.20	−0.2	18.48	6.45	7.33	316.91	315.79	318.93	323.76	258.99
6	Mechanical Engineering (71)	171.14	+0.4	18.91	6.13	7.20	170.48	169.94	170.31	172.61	168.79
8	Metals and Metal Forming (17)	164.23	−0.4	17.44	8.54	7.83	164.87	163.82	165.09	168.05	157.34
11	CONSUMER GOODS (DURABLE) (52)	193.65	+0.2	17.43	4.92	8.14	193.20	193.29	194.17	198.06	171.33
12	Lt. Electronics, Radio TV (15)	225.06	+0.2	15.56	3.84	9.06	224.55	224.10	225.78	231.56	191.64
13	Household Goods (12)	175.57	—	16.39	6.42	8.38	175.63	176.37	176.13	176.53	168.43
14	Motors and Distributors (25)	124.62	+0.3	20.40	6.16	7.04	124.26	124.65	124.86	126.86	114.69
21	CONSUMER GOODS (NON-DURABLE) (175)	201.47	+0.6	16.08	5.82	8.42	200.31	199.73	201.45	205.09	172.99
22	Breweries (14)	236.61	+1.0	14.25	5.68	10.09	234.36	232.14	236.43	240.45	179.66
23	Wines and Spirits (6)	257.54	+1.0	15.71	5.59	9.66	255.06	254.73	257.08	262.37	200.98
24	Entertainment, Catering (17)	255.11	−0.4	13.82	6.69	10.47	256.06	253.96	258.46	263.40	219.98
25	Food Manufacturing (22)	192.44	+0.7	20.25	5.77	6.53	191.10	189.73	191.85	193.68	178.34
26	Food Retailing (15)	196.84	−0.5	14.44	4.82	9.55	197.84	197.28	198.73	201.57	177.28
32	Newspapers, Publishing (13)	371.59	+0.7	10.64	3.34	13.46	368.98	377.22	378.38	390.32	294.00
33	Packaging and Paper (15)	129.16	+1.4	20.21	9.20	7.01	127.34	127.11	128.11	130.29	123.03
34	Stores (39)	179.26	+1.0	11.74	4.53	12.49	177.53	177.54	177.66	183.02	148.87
35	Textiles (25)	182.02	+0.1	20.61	7.40	5.92	181.79	181.24	182.37	184.56	169.83
36	Tobaccos (3)	257.73	—	21.45	7.26	5.54	257.74	257.16	260.20	261.18	230.65
37	Toys and Games (6)	107.61	+2.0	19.66	5.80	6.65	105.53	104.25	104.69	105.52	100.02
41	OTHER GROUPS (97)	197.96	+1.1	16.13	5.73	8.16	195.84	195.42	195.75	198.68	184.18
42	Chemicals (19)	278.14	+2.5	17.92	6.23	7.58	271.41	271.42	271.62	275.24	253.21
43	Pharmaceutical Products (7)	259.58	+0.1	11.14	3.93	11.22	259.30	258.67	259.73	262.00	0.00
44	Office Equipment (6)	137.74	+0.4	17.73	4.69	6.68	137.26	136.62	135.50	137.14	108.56
45	Shipping (10)	436.84	+1.3	18.16	7.21	6.78	431.34	424.67	424.26	434.54	528.00
46	Miscellaneous (55)	205.10	+0.4	16.68	6.28	8.13	204.35	204.15	204.93	208.97	189.16
49	INDUSTRIAL GROUP (495)	209.48	+0.6	16.59	5.69	8.19	208.20	207.67	208.85	212.39	185.28
51	Oils (5)	496.07	−0.5	14.88	3.98	7.29	498.64	493.78	495.22	498.87	507.94
59	500 SHARE INDEX	233.17	+0.4	16.32	5.43	8.04	232.15	231.30	232.51	236.05	211.24
61	FINANCIAL GROUP (100)	166.14	+0.6	—	5.57	—	165.09	163.63	164.79	168.21	141.78
62	Banks (6)	195.16	+1.4	24.25	5.52	6.24	192.49	188.98	191.68	198.94	157.45
63	Discount Houses (10)	199.20	−0.6	—	8.56	—	200.47	201.09	201.56	199.26	176.79
64	Hire Purchase (5)	145.65	−0.6	13.43	5.63	11.02	146.46	145.34	147.43	152.29	131.66
65	Insurance (Life) (10)	139.26	+0.1	—	6.54	—	139.16	138.72	139.04	140.86	112.03
66	Insurance (Composite) (7)	126.20	+0.4	—	6.76	—	125.69	125.37	125.73	128.17	116.42
67	Insurance Brokers (10)	345.62	−0.2	13.96	4.26	10.26	346.23	344.62	347.61	351.81	303.99
68	Merchant Banks (14)	79.81	+0.5	—	6.04	—	79.39	79.17	80.07	80.82	71.81
69	Property (31)	232.14	+1.0	2.95	3.01	65.06	229.93	226.77	226.97	230.64	190.30
70	Miscellaneous (7)	106.03	−0.1	24.64	7.49	5.62	106.08	106.33	107.58	109.50	95.20
71	Investment Trusts (50)	203.31	−0.4	3.27	4.82	30.56	204.06	203.63	206.12	209.00	180.43
81	Mining Finance (4)	97.67	+0.8	17.14	7.05	7.11	96.85	95.71	97.16	97.88	95.78
91	Overseas Traders (19)	311.74	−0.6	15.49	6.63	8.06	313.49	312.37	313.93	318.36	288.98
99	ALL-SHARE INDEX (673)	215.18	+0.4	—	5.48	—	214.28	213.29	214.58	218.00	193.24

FIXED INTEREST PRICE INDICES

	British Government	Wed. May 24	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.28	+0.05	—	3.63
2	5-15 years	116.11	+0.18	—	2.44
3	Over 15 years	120.25	+0.13	—	4.97
4	Irredeemables	127.35	—	—	6.08
5	All stocks	113.11	+0.10	—	3.97

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Wed. May 24	Tues. May 23	Year ago (approx.)
1	Low Coupons	5 years	8.64	8.66	7.32
2		15 years	10.99	11.01	10.78
3		25 years	11.57	11.58	11.60
4	Medium Coupons	5 years	11.13	11.16	9.75
5		15 years	12.19	12.21	11.53
6		25 years	12.37	12.39	12.22
7	High Coupons	5 years	11.45	11.47	10.46
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Wed., May 24 Index No.	Yield %	Tuesday May 23	Monday May 22	Friday May 19	Thurs. May 18	Wed. May 17	Tuesday May 16	Monday May 15	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.59	12.93	57.39	57.28	57.72	57.87	57.88	57.87	57.73	55.60
16	Investment Trust Prefs. (15)	51.75	13.71	51.62	51.62	52.35	52.35	52.17	52.17	52.17	51.97
17	Coml. and Indl. Prefs. (20)	71.90	12.72	69.85	69.92	70.30	70.47	70.41	70.50	70.82	71.81

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY, BONDS

Eagle Star Insur/Midland Ass.
1, Threadneedle St., EC2. 01-588 1212
Eagle-Mid Units.. 51.5 53.4 +0.6 5.95

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd	112.8	118.7	-0.6	—
Property Fd	105.2	110.7	+0.1	—
Fixed Interest F.	106.2	111.7	-0.2	—
Gtd. Deposit Fd.	98.6	103.7	-0.1	—
Mixed Fd.	109.2	114.9	-0.2	—

Nelex Eq Cap.	80.3	84.5	+2.1	—
Nelex Eq Accum.	112.9	118.8	+0.3	—
Nelex Money Cap.	61.3	64.5	+0.5	—
Nelex Mon. Acc.	64.8	68.2	+0.8	—
Nelex Gth Inc Acc.	49.1	51.6	+1.8	—
Nelex Gth Inc Cap.	49.8	52.4	+2.0	—
Nel Mxd. Fd. Cap.	47.8	50.3	+0.1	—
Nel Mxd. Fd. Acc.	48.2	50.7	+0.3	—

Next Sub. Day May 25
For New Court Property see under Rothschild Asset Management

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hill Samuel §	9 %
Allied Irish Banks Ltd.	9 %	C. Hoare & Co. †	9 %
American Express Bk.	9 %	Julian S. Hodge	10 %
Amro Bank	9 %	Hongkong & Shanghai	9 %
A P Bank Ltd.	9 %	Industrial Bk of Scot.	7½%
Henry Ansbacher	9 %	Keyser Ullmann	9 %
Banco de Bilbao	9 %	Knowsley & Co. Ltd.	11½%
Bank of Credit & Cmce.	9 %	Lloyds Bank	9 %
Bank of Cyprus	9 %	London Mercantile	9 %
Bank of N.S.W.	9 %	Edward Manson & Co.	10½%
Banque Belge Ltd.	9 %	Midland Bank	9 %
Banque du Rhone	9½%	■ Samuel Montagu	9 %
Barclays Bank	9 %	■ Morgan Grenfell	9 %
Barnett Christie Ltd.	9½%	National Westminster	9 %
Bremar Holdings Ltd.	10 %	Norwich General Trust	9 %
Brit. Bank of Mid. East	9 %	P. S. Refson & Co.	9 %
■ Brown Shipley	9 %	Rossminster Accept'cs	9 %
Canada Perm't. Trust	9 %	Royal Bk. Canada Trust	9 %
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	9 %
Cayzer Ltd.	9 %	E. S. Schwab	10½%
Cedar Holdings	9½%	Security Trust Co. Ltd.	10 %
■ Charterhouse Japhet	9 %	Shenley Trust	11 %
Choulartons	9 %	Standard Chartered	9 %
C. E. Coates	10 %	Trade Dev. Bank	9 %
Consolidated Credits	7½%	Trustee Savings Bank	9 %
Co-operative Bank *	9 %	Twentieth Century Bk.	10 %
Corinthian Securities	9 %	United Bank of Kuwait	9 %
Credit Lyonnais	9 %	Whiteaway Laidlaw	9½%
The Cyprus Popular Bk.	9 %	Williams & Glyn's	9 %
Duncan Lawrie ¶	9 %	Yorkshire Bank	9 %
Eagil Trust	9 %		
English Transcont.	9 %		
First London Secs.	9 %		
First Nat. Fin. Corpn.	10 %		
First Nat. Secs. Ltd.	9½%		
■ Antony Gibbs	9 %		
Greyhound Guaranty	9 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month deposits 6¼%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½% and over £25,000 6¾%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6¼%.
¶ Rate also applies to Sterling Ind. Secs.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by φ. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 23rd May, 1978 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 127.67
Clive Fixed Interest Income 113.51

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

† Property Growth 9¾%
† Vanbrugh Guaranteed 8¾%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 47¾% (based on $US1.8120 per £)

Conversion factor 0.6782 (0.6782)

CANADIANS

[illegible]

S.E. List Premium 47¾% (based on $2.0171 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	168	......	Q50c	1.3	25.4
24	15	Rhod'n Corp. 16½p.	15	......	0.56	7.1	5.7
73	52	Roan Cons. K4	72	+2	—	—	—
158	122	Tanganyika 50p	155	......	Q11.0	1.1	7.1
80	78	Do. Pref. 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh 1	35	......	†Q7½c	1.4	18.3
15	10	Zam.Cpr.SBD0.24	15	+½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
13	10	Acmex 25c	13	+1	—	—	—
121	64	Bougainville 50 Toea	121	+1	Q8c	1.4	4.1
98	63	BH South 50c	95	......	—	—	—
250	148	Conzinc Riotinto 50c	226	-2	Q10c	2.2	2.8
72	48	G.M. Kalgoorlie $1	55	+2	—	—	—
138	81	Hampton Areas 5p	131	+1	1.45	4.1	1.7
27	10	Metals Ex. 50c	27	+1	—	—	—
204	125	M.I.M. Hldgs. 50c	204	......	Q9c	1.7	2.7
29	10	Mount Lyell 25c	27	......	—	—	—
6½	1½	Newmetal 10c	4¼	-¼	—	—	—
112	79	North B. Hill50c	108xd	-1	Q8c	1.5	4.6
13	8½	Nth. Kalgurli	13	+½	—	—	—
156	117	Oakbridge $A1	152	......	†Q11c	1.9	4.5
43	30	Pacific Copper	43	......	—	—	—
£13	750	Pancont'l 25c	£13	......	—	—	—
30	12	Paringa M&Ex 5p	26½	+1	—	—	—
462	310	Peko-Wallsend 50c	482	+5	Q15c	4.0	1.9
136	84	Westn. Mining 50c	127	-2	‡Q6c	1.4	‡
60	35	Whim Creek 20c	60	+10	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	26	-1	†2.51	1.6	14.6
360	240	Ayer Hitam $M1	355	......	‡Q48.7c	0.9	‡
60	45	Beralt Tin	59	......	3.75	ϕ	10.1
290	200	Berjuntai $M1	285	......	‡Q120c	ϕ	‡
145	111	Geevor	145	......	h4.51	3.4	4.7
10	8½	Gold & Base 12½p	10	......	—	—	—
285	220	Gopeng Cons.	285	+10	15.0	0.9	8.1
165	130	Hongkong	165	+5	—	—	—
93	78	Idris 10p	90	+3	12.0	ϕ	21.3
11	10	Jantar 12½p	10½	-½	—	—	—
73	68	Kamunting $M0.50	68	......	ZQ15.5c	0.7	4.9
450	450	Killinghall	480	......	Q125	ϕ	26.0
395	280	Malay Dredging $M1	390	+15	†Q95c	0.8	5.2
67	40	APahang	66	......	‡Q3.75c	0.5	‡
62	50	Pengkalen 10p	62	......	6.5	1.3	15.9
205	165	Petaling $M1	205	+5	mQ12½c	10.9	1.3
61	49	Saint Piran	56	......	g1.99	4.6	5.4
61	47	South Crofty 10p	57	......	b4.13	1.5	11.0
205	140	South Kinta $M0.50	205	+10	tQ77.6c	1.4	8.2
300	230	Sthn Malayan $M1	295	+10	tQ31.5c	1.1	9.6
205	134	Sungei Besi $M1	200	......	—	—	—
75	55	Supreme Corp. $M1	75	......	ZQ10c	—	2.9
100	85	Tanjong 15p	92	+2	6.5	ϕ	10.7
100	74	Tongkah Hrbr. $M1	100	+2	Q56.8%	1.6	12.2
212	148	Tronoh $M1	212	+2	ZQ88c	ϕ	8.9

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	93	+4	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
17	9	Burma Mines 17½p	16	......	—	—	—
300	229	Cons. Murch. 10c	250	-5	Q30c	2.6	7.2
385	245	Northgate C$1	355	-10	—	—	—
219	164	R.T.Z.	219	+5	9.5	2.8	6.6
46½	30	Sabina Inds. C$1	42	-2	—	—	—
£11	750	Tara Exptn. $1	£10½	-⅛	—	—	—
45	43	Tehidy Minerals 10p	45	......	1.33	ϕ	4.5
167	120	Yukon Cons. C$1	167	......	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ¢ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♀ Excluding a final dividend declaration.
- ✦ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdg'wtr. Est. 50p	272	......
Clover Croft	22	......
Craig & Rose £1	420	......
Dyson (R. A.) A.	34	......
Ellis & McHdy.	62	......
Evans F'r'k 10p.	57xr	......
Evered	16xd	......
Fife Forge	50	......
Finlay Pkg. 5p	23	......
Graig Ship £1	140	......
Higsons Brew	82xd	......
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	263	......
N'thn. Goldsmith	55	......
Pearce (C. H.)	155xd	......
Peel Mills	20	......
Sheffield Brick	46xd	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£90¼	......
Alliance Gas	68xd	......
Arnott	340	-5
Carroll (P.J.)	88	......
Clondalkin	96	-1
Concrete Prods.	133	-2
Heiton (Hldgs.)	41	......
Ins. Corp.	148	......
Irish Ropes	120xd	......
Jacob	67	-3
Sunbeam	33	-1
T.M.G.	180	......
Unidare	90	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17		
Boots Drug	15	Legal & Gen.	14	**Property**	
Bowaters	16	Lex Service	7	Brit. Land	3¼
B.A.T.	24	Lloyds Bank	22	Cap. Counties	4½
British Oxygen	6	"Lots"	4	E.P.	5
Brown (J.)	20	London Brick	5	Intueuropean	4
Burton 'A'	12	Lonrho	5	Land Secs.	16
Cadburys	5	Lucas Inds.	25	MEPC	12
Courtaulds	10	Lyons (J.)	10	Peachey	8
Debenhams	8	"Mams"	7	Samuel Props.	9
Distillers	15	Mrks. & Spncr	10	Town & City	1¼
Dunlop	7	Midland Bank	25		
Eagle Star	11	N.E.I.	12	**Oils**	
E.M.I.	14	Nat. West. Bank	22	Brit. Petroleum	45
Gen. Accident	17	Do. Warrants	10	Burmah Oil	5
Gen. Electric	18	P & O Dfd.	8	Charterhall	3
Glaxo	40	Plessey	8	Shell	28
Grand Met.	9	R.H.M.	5	Ultramar	20
G.U.S. 'A'	20	Rank Org. 'A'	18		
Guardian	18	Reed Intnl.	12	**Mines**	
G.K.N.	22	Spillers	3	Charter Cons.	12
Hawker Sidd.	20	Tesco	4	Cons. Gold	14
House of Fraser	12	Thorn	22	Rio T. Zinc	16
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday May 25 1978

Shipping 'threatened by world subsidies'

BY LYNTON McLAIN, INDUSTRIAL STAFF

PRIVATE ENTERPRISE shipping will die unless governments all over the world stop subsidising shipbuilding, Mr. Ronnie Swayne, the new president of the General Council of British Shipping, said at the council's annual meeting in London yesterday.

Sooner or later world shipbuilding output had to be cut in half. "But if governments contrive to have merchant ships of any type built, then this spells deep trouble for world shipping," he said.

The industry could not carry on with its financial lifeblood drained away by the artificial maintenance of excess shipbuilding and shipping capacity. Private shipping made a £1bn. contribution to Britain's balance of payments in 1976 and this was now threatened.

Governments had to choose between continuing to make ship-owning an easy venture to get into, when ships would be built when there was no commercial need, and cutting capacity. Refusal to cut would extend the world slump for many years, he said.

Mr. Swayne said deals like the Polish ships order, heavily subsidised by the UK Government, would provide only a short extension of life to shipyards. They did not guarantee a long-term future.

A quarter of the world oil tanker fleet, 100m deadweight tons, was now surplus to requirements, yet another 17m dwt was due to be delivered this year or next.

This oversupply of tonnage had now started to move into the dry cargo trade, he said. The effect would be severe and long-lasting. The surplus of bulk carriers had risen to 35m dwt and a further 13m dwt would be delivered by next year. This would not be offset by scrapping.

Balance

Supply and demand in the shipping industry would not come into balance until the mid-1980s, even if no more vessels were ordered and if all tankers and bulk carriers over 15 years old were scrapped tomorrow.

Over-supply also now threatened the liner cargo trade. More than half the new tonnage on order was for companies with unfamiliar names and flags. The ships were not intended to replace older vessels and would come on the market when there was little or no growth in liner trades.

Mr. Swayne said there were threats from other directions. The continued expansion of Russian merchant shipping had to be constrained. "The only way we can do this is by concerted Government action. Britain could not act alone."

He said powers were needed to compel Russia to scale down its expansion plans. "An action plan is needed if the Russians are not prepared to contract their operations by negotiations.

"Russia must not get the impression that Europe is so flabby that the Soviets can order massive new tonnage in container and roll-on and roll-off ships for their next five-year plan to 1985."

Mr. Swayne plans to fly to Brussels tomorrow to discuss a common European shipping policy with the EEC Commission. On the agenda will be EEC plans to monitor the Russian fleet's expansion.

Mr. Swayne also warned about the effect of excessive wage demands by British seamen's unions. Britain enjoyed a competitive edge over the rest of Europe largely as a result of moderate pay for crews, he said.

"Some of our maritime unions are worried about the future level of employment for their members. But these unions can do much to help by adopting policies on pay which recognise the harsh realities facing the industry."

Editorial comment Page 22
Swan Hunter cruiser work Page 6

Standby credit announcement expected today

BY DAVID FREUD

DETAILS OF the renegotiated agreement with the International Monetary Fund for the extension of the $4.1bn (£2.3bn) standby credit are expected to be announced today by Mr. Denis Healey, Chancellor.

He is likely to use a Parliamentary Question dealing with the Fund as an opportunity for telling the Commons that he has asked for the standby to be extended to January 2, the date originally set for its termination.

Details of the agreement will be contained in a letter of intent. This follows the original letter at the end of 1976, when the credit was first agreed, and one in December.

Today's statement is expected to make clear that forecasts already given in the Budget will be regarded now as limits. These will be for a public sector borrowing requirement of £8.5bn and domestic credit expansion of £6bn.

A team from the Fund has left London after about ten days' monitoring economic performance. Mr. Healey met members of it last week.

The IMF Board must approve the new letter before the extension can be granted, but this is likely to prove a formality because the two targets are in line with guidelines in previous letters.

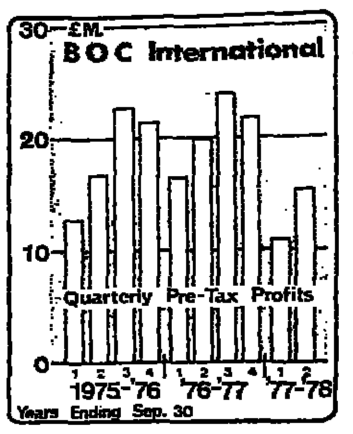
Equities and gilts improved yesterday on hopes that the Chancellor's announcement would be associated with moves to tighten control of money supply.

THE LEX COLUMN

Honour satisfied at BOC/Airco

The stock market perked up late yesterday on the news that a statement on the Government's latest letter of intent to the IMF will be made this afternoon. It seems likely that the Government will promise not to go beyond limits of £8.5bn for the PSBR and £6bn for DCE. The market may still have to worry, however, about whether these figures are compatible on present policies.

Index rose 3.4 to 474.0



BOC International

"Both sides feel that honour and responsibility are satisfied," Sir Leslie Smith assures BOC shareholders in a post mortem on the BOC/Airco struggle. The Class 1 circular reveals that BOC has raised its bank loan facility from $400m to $500m, partly to accommodate the need to repay an earlier $80m loan at the end of this year. The $500m is on a seven-year term, with repayment in the final two years, so BOC can now afford to be relaxed about its immediate cash requirements, although no doubt it will be looking out for an opportunity for longer term funding.

What is conspicuously missing from the circular, however, is a pro forma consolidated balance sheet. The problem here is apparently that Airco's assets will eventually be going into BOC's balance sheet at higher values than appeared in Airco's own books: either at the effective purchase cost or in some cases at replacement cost. Although these higher valuations have not yet been decided, they are likely to be enough to leave consolidated debt at rather less than 50 per cent of total capital employed, against several points over 50 per cent had original Airco figures been used.

As for income, Airco will be fully consolidated for the last five months of BOC's year to September. This will have a substantial impact on BOC's pre-interest profits, but on the bottom line it does not look as though the extra contribution after interest and tax will be more than $3m to $4m for the current year.

Meanwhile the half-time results statement from BOC shows that the group has continued to be under pressure in the January-March quarter, which produced £15.4m pre-tax against a comparable £19.9m. At least there was an improvement, only partly seasonal, from the exceptionally low £10.8m of the first three months, almost entirely due to a better outturn in Europe, with the cost of the UK gases strike falling mostly into October-December. There remains some recovery potential here, but the general picture is of only a few chinks of light so far in the chemicals and metals markets.

The second half should show up rather better against an already declining period, however, and some in the market are hoping for close to £80m pre-tax for the full year against £82.2m. At 73p the yield, after the rise in the interim dividend, is 7.3 per cent.

Spreading risks

Whether Shell's $800m partial refinancing in the eurodollar market is called a standby facility or an actual medium term loan does not particularly matter. What does matter is that this is another case (the other big oil companies are no doubt doing much the same) where bankers have apparently committed themselves to lending funds for up to ten years at spreads rising from ⅜ to ⅝ of one per cent over London Inter-bank Offered Rates.

Only lastyear the UK Government upset some major banks by insisting that it did not want to pay more than 1 per cent over LIBOR when it raised its $1.5bn seven year loan. Since then pressure on margins has increased and the number of borrowers that can raise funds for up to 10 years at spreads of ⅝ of one per cent is escalating. Two French borrowers have even raised funds at a half point margin over funds. Realising that they are on to a good thing a growing number of corporate borrowers are repaying earlier borrowings and refinancing them at substantially lower margins. The situation is not quite as bad as in 1974 when banks were lending 15 year money at margins as low as ⅜ of a per cent but it is not far off.

Such largesse may be welcomed by borrowers but it is hard to see how banks can justify tying themselves into these long term loans at margins which hardly cover the overheads let alone the cost of capital. Only this month a prominent member of the Federal Reserve Board warned that spreads of below 1 per cent were bound to produce an inadequate return. Must there be another major collapse before bankers see this?

Keyser Ullmann

After the ravages of 1974-75 when it lost £59m, Keyser Ullmann is at last back on a profitable keel. It is no longer relying on clearing bank support, it has doubled its dividend to the princely sum of 1p gross per share, and turned in operating profits of £0.9m, compared with a loss of £2.8m in the previous year.

The group sold off £30m worth of property last year and expects to dispose of another £20m this year. Most of its property portfolio is now revenue producing. However, the big problem is how to reinvest the proceeds of the property realisations. KU has stoutly turned its back on the property market and is trying to build up its lending to British industry. But the further decline in advances indicates that this is no easy task.

Although the group is not very profitable at present there are some attractive parts such as the Swiss bank, which earns around £0.5m per annum, and Southern and Redfern. The bank is highly liquid and deposits are only five times shareholders' funds. At 48p the group is capitalised at just under £25m—against net worth of £35m. A likely take-over plum?

SE Benevolent Fund

Members are reminded that the collection for the Stock Exchange Benevolent Fund closes on Wednesday, May 31. It would be greatly appreciated if those that have not done so would send in their cheques and covenant payments as soon as possible.

Dana confirms agreed takeover bid for Turner gearbox group

BY ANDREW TAYLOR AND JOHN WYLES

DANA Corporation, the U.S. motor components manufacturer, last night confirmed that it is to make an agreed takeover bid for Turner Manufacturing—the U.K. commercial gearbox company in which Dana already has a 35 per cent stake.

The news coincides with further moves by Bendix Corporation, another U.S.-based component producer, to restructure its European interests in talks which could lead to a joint venture project with Renault, the French vehicle company.

The two developments—which come while several European manufacturers are calling for policies to establish stronger indigenous component groups—are likely to lead to a strengthening of the American position in European commercial vehicle and car sectors.

Mr. Arthur A. Martin, Dana's European president, said in London yesterday: "This is a major acquisition for Dana and will provide an important base for our expansion into Europe."

Earlier this year, Dana paid around £3m. to buy out the outstanding 66 per cent. stake—it already owned 44 per cent.—in Floquet-Monet, the Paris-based engine parts manufacturer which has an annual turnover of around £25m.

Neither Dana nor Turner had last night released the terms of the latest offer but it is thought that the bid values Turner at around £14.5m. This would mean that Dana is offering around 145p a share, compaed with a suspension price of 124p on Tuesday.

Turner, which has been advised by merchant bankers Singer and Friedlander, said that full details of the offer were expected to be announced today.

The talks between Renault and Bendix concern the fast-growing field of electronic engine control systems, now seen as one of the most important elements in improving fuel consumption and reducing exhaust emissions.

Both companies described the discussions as "serious," although Renault has acknowledged that it is also talking to the Thomson-Brandt group of France, West Germany's Robert Bosch, Britain's Lucas Industries, Japan's Shibaura Electric, and the U.S. company Motorola.

Bendix's 92-per-cent-owned French subsidiary, DBA, already being reorganised, is proposed for joint venture with Renault.

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Albright to ask for higher Tenneco bid

BY JAMES BARTHOLOMEWS AND KEVIN DONE

ALBRIGHT AND WILSON, the UK chemical group being wooed by Tenneco of the U.S., will try to negotiate a higher price than the 165p per share the U.S. conglomerate has offered for the 50.2 per cent of the company it does not already own. As it stands the bid is worth £100m.

Mr. C. N. Wilson, company secretary of Albright, said yesterday: "The hope would be that we would be able to reach agreement on an acceptable price."

The 165p per share offer did "not take a great deal of account of our future potential, even though it might appear fair based on last year's results."

Tenneco's statement on Tuesday emphasised the additional technical and financial resources it wanted to inject into Albright.

But Mr. Wilson said yesterday that the present investment programme "can proceed without the aid of Tenneco money. We expect to spend £40m this year and keep up this level of investment for the next two years."

Albright is choosing to negotiate with Tenneco rather than immediately launch into a public confrontation.

Hill Samuel, Albright's adviser is to prepare a case for a higher price and present it to Tenneco.

"The Board obviously takes very seriously its duty to get the best possible price for shareholders," Mr. Wilson said.

Stock brokers specialising in Albright claim overwhelmingly that 165p is not enough. On a straw poll nine out of 11 considered the offer inadequate.

The company's own broker, Sheppards and Chase, is believed to agree with this view, although it has decided not to write officially to clients because of the number of approvals it would have to obtain.

The leading investing institutions have reacted cautiously. Generally, they want a higher price but they recognise the strength of Tenneco's position and are awaiting the advice of the Albright Board and supporting evidence.

The shares, which were relisted on the Stock Exchange yesterday after the suspension on Tuesday, closed at 166p, up 43p.

Leyland to cut 700 jobs

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS plans to phase out nearly 700 jobs at the Canley plant in Coventry over the next 18 months. It is part of a reorganisation programme which will see the introduction of TR7 sports car production there.

The TR7 assembly plant at Speke, Liverpool, will close officially to-morrow with the loss of 3,000 jobs.

Machinery will be transferred to Canley for re-launching the TR7 in time for the international motor show to be held at Birmingham in October.

Some estimates suggest the technical problems involved in the transfer are likely to delay the programme considerably. But the company has a good stock of TR7s to cover the period.

BL Cars is thought to be exploring the possibility of a soft top version of the car with the more powerful V8 engine.

Such a development would not only make possible a price rise, but also make the car more suitable for the important U.S. market. A relaunch in North America is likely to be timed for next year's spring selling season.

The management has warned shop stewards at Canley that co-operation from the workers for the smooth transition of the TR7 is essential if output is not to be lost and jobs endangered.

The aim is to achieve the labour relation by the end of next year entirely by natural wastage. Early forecasts suggest the employees required, including staff, for body and assembly operations will drop by 444, to 3,271. Workers on power train operations will fall by 251, to 3,479.

Position of the poor not improved—report

BY STUART ALEXANDER

THE POOR are relatively as poor now as they were 15 years ago, according to the latest report on lower incomes from the Royal Commission on the Distribution of Income and Wealth.

The measures taken by various governments to redistribute wealth have ensured the position of the bottom 25 per cent has not deteriorated, said Lord Diamond, the Commission chairman, introducing the report yesterday. But they have not narrowed the gap.

The 394-page report says that as long as the economy was growing from the beginning of the 60s to 1974, the purchasing power of lower income families grew in line, but it fell in the poor years of 1975 and 1976. Renewed economic growth would permit purchasing power for the poor to increase once again, says the report.

Groups most at risk were the elderly, one-parent families, and families with three or more children. Childhood, young parenthood and old age were the three most vulnerable periods and there was a high incidence of lower incomes among the unemployed and disabled.

There was a trend for a number of "life's disadvantages" to hit the same person, with links between low skills, low earnings, sickness, disablement and spells of unemployment. And there was a tendency for those in a low socio-economic group to have had fathers in the same group.

But an addendum to the report signed by three of the commission members — Mr. George Doughty, Mr. David Lea and Professor Dorothy Wedderburn—says they consider the argument about the genetic determination of personal characteristics associated with earning, on which the report found evidence conclusive, to be irrelevant given the inequalities of opportunity that still exist.

All, however, agree on the need for the continued acceptance by the community of its obligation to provide an adequate safety net "to protect people from the main accidents of life."

They draw attention to the poverty trap, where people who take up low-paid work may find their benefits withdrawn, leaving them very little better off.

The report notes the effect of wives' earnings among low-income families and the addendum stresses the need to monitor the availability of employment for working mothers.

Details Page 9

Record cargo through Tyne

CARGO through the Port of Tyne totalled 1,230 tonnes for the first quarter of this year, beating last year's record by nearly 50 tonnes. The increase was due mainly to a rise in oil shipments.

Weather

UK TODAY

DRY with sunny periods but rain in N.

London, England, Channel Isles, Wales

Dry, sunny periods. Max. 16C-18C (61F-64F).

I. of Man, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland

Dry, sunny intervals developing. Max. 16C (61F).

Moray Firth, N.W. Scotland, Orkney, Shetland

Rather cloudy, occasional rain or drizzle at first. Max. 13C (55F).

Outlook: Mostly dry and warm with sunny spells. Rather cloudy and cooler in some E. coastal regions.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	C	11	52	Luxembrg.	C	9	48
Athens	S	24	75	Madrid	C	15	59
Bahrain	S	31	88	Manchstr.	R	12	54
Barcelona	C	19	66	Melbourne	S	14	57
Beirut	C	17	63	Milan	C	19	66
Belfast	S	12	54	Montreal	S	24	75
Belgrade	F	23	73	Moscow	F	16	61
Berlin	C	19	66	Munich	R	10	50
Birmghm.	C	12	54	Newcastle	S	11	52
Bristol	C	14	57	New York	R	16	61
Brussels	C	12	54	Oslo	F	22	72
Budapest	C	18	64	Paris	C	14	57
B. Aires	S	19	66	Perth	S	20	68
Cairo	S	34	93	Prague	R	15	59
Cardiff	C	15	59	Reykjavik	F	8	[illegible]
Chicago	C	17	63	Rio de J'o	S	24	75
Cologne	R	11	52	Rome	F	22	72
Copnhagn.	S	20	68	Singapore	C	28	[illegible]
Dublin	F	14	57	Stockholm	S	17	63
Edinburgh	S	14	57	Strasbg.	R	11	52
Frankfurt	Dr	11	52	Sydney	S	18	64
Geneva	C	15	59	Tehran	S	26	80
Glasgow	S	16	61	Tel Aviv	S	25	77
Helsinki	S	17	63	Tokyo	C	23	73
H. Kong	S	25	77	Toronto	C	21	70
Jo'burg	S	20	68	Vienna	F	19	66
Lisbon	C	17	63	Zurich	R	9	48
London	C	13	55				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	R	15	59	Jersey	S	15	58
Algiers	C	20	68	Las Plms.	C	20	69
Biarritz	C	17	63	Locarno	F	18	64
Blackpool	C	11	52	Luxor	S	41	106
Bordeaux	S	20	68	Majorca	C	19	66
Boulogne	C	12	54	Malaga	F	21	70
Casblnca.	C	18	64	Malta	S	25	77
Cape Tn.	S	15	59	Nairobi	S	20	68
Corfu	S	22	72	Naples	F	18	64
Dubrovnik	S	20	68	Nice	S	17	63
Faro	C	20	68	Oporto	F	18	64
Florence	S	19	66	Rhodes	S	27	81
Funchal	C	17	63	Salzburg	C	13	55
Gibraltar	C	17	63	Tangier	C	17	63
Guernsey	S	13	55	Tenerife	C	16	61
Innsbruck	R	14	57	Tunis	C	19	66
Inverness	T	12	54	Valencia	F	21	70
Is. of Man	S	12	54	Venice	C	15	59

C—Cloudy. Dr—Drizzle. F—Fine. R—Rain. S—Sunny.

Continued from Page 1

Zaire crisis

at one-third of its capacity or less, the little foreign exchange coming into the country is being used to a significant extent on prestige projects and imported luxury items.

According to the latest IMF statistics, Zaire's current foreign exchange reserves amount to no more than $134m.

Zaire is not entitled to any further unconditional drawings from the Fund, having already drawn its first credit tranche and being well into its second. Further drawings would require conditions, and given the present chaotic state of the economy, these would be unlikely to be agreed very quickly.

IMF sources believe it may take up to six months for a clear view of the economy to emerge. In the short term it would appear that President Mobutu will have to seek urgent financial assistance from elsewhere.

Even if the consortium of commercial banks agreed to a new loan, this is likely to make very little practical difference to Zaire's underlying position, given both the present debt commitment and the fact that export earnings from copper are unlikely to pick up for some time to come.

The loan has taken on an enormous psychological significance for Zaire following the huge debt servicing problems of two years ago.

Rio Tinto strengthens oil links

BY PAUL CHEESERIGHT

RIO TINTO-ZINC, the major UK mining group, is to work more closely with large oil companies. This is the central point of a new development startegy unveiled by the company yesterday.

It will no longer be able to take a sole dominant position in new mines, Sir Mark Turner, chairman, told the annual meeting in London.

Sir Mark also made clear that RTZ was contemplating legal action against War on Want, the charity organisation, because of an open letter to him signed by Mrs. Mary Dines, general secretary. This referred t the effect of mining operations in Australia on the Aboriginal population.

The development strategy was anticipated by the disclosure last month that RTZ had been having talks with Exxon, the U.S. group.

"Large oil companies with their substantial cash flows and engineering experience, and interest in diversifying into minerals, seem to us just the sort of partners we should be seeking in this capital-cost-escalating business in which we are engaged," said Sir Mark.

The search for partners has been prompted by the inflation of costs which has resulted in new open pit mines needing three or four times as much capital to bring them to production as they did five years ago.

At the same time, the position of mining groups in the financial markets had changed. Sir Mark suggested that the amount of highly geared loan capital on the security of sales contracts might be reduced, or that there would be demands for additional security.

RTZ's acknowledgment of these financial pressures, and its response to them, strengthens the trend of co-operation between mining and oil groups which has emerged strongly over the last two years. At first, oil companies seemed to be confining their activities to energy minerals but their interests have spread into base metals.

At the annual meeting, however, much of the time was taken up by a dialogue between Sir Mark and small shareholders concerned with the rights of the non-white populations in South Africa, South West Africa (Namibia) and Australia.

It was in this context that the question of legal action against War on Want arose. The organisation had circulated a letter to shareholders which was hostile to RTZ's mining operations in Australia to the extent that they affected the Aboriginal population.

In response to a question about allegations contained in the letter, Sir Mark said the remarks were defamatory and untrue. "That is why the document is at the present moment with our lawyers."

But, he added that he would look into the matter. He wanted to see for himself the effect of the operations on the Aboriginals. Further, Lord Shackleton, deputy chairman, who leaves for Australia today, would investigate.

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Mining News, Page 28

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